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Publications

Statements and Speeches

No. 1311

1991 INTERNATIONAL YEAR OF DISABLED PERSONS

A Statement by the Honorable Jeanne Cloutier, Minister of External Affairs, at the 12th Annual General Assembly, New York, December 21, 1990



The Canadian Government strongly supports the initiative which proclaimed that the International Year of Disabled Persons was established the International and Advisory Committee to prepare for 1991. Today, we recognize that persons and organizations who are disabled are the 20% of the world's population who are most vulnerable to the various forms of discrimination and violence which are still too prevalent in many parts of the world.

Lacking various issues.

Celebrating the 1991 International Year will have to be a human and social endeavor. It is essential that the disabled are not only included in the context of the work of the international community.

Our efforts will support the suggestion that support is to be given to persons who are disabled in order to ensure that they are not excluded from the world's progress. It is essential that the disabled are not only included in the context of the work of the international community, but also that they are not excluded from the world's progress.

The United Nations and other international organizations are working to ensure that the disabled are not only included in the context of the work of the international community, but also that they are not excluded from the world's progress.

Canada will continue to be a strong supporter of the United Nations and other international organizations in their efforts to ensure that the disabled are not only included in the context of the work of the international community, but also that they are not excluded from the world's progress.

In Canada, the Government of the Province will continue to be a strong supporter of the United Nations and other international organizations in their efforts to ensure that the disabled are not only included in the context of the work of the international community, but also that they are not excluded from the world's progress.

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Statements and Speeches

No. 80/1

1981: INTERNATIONAL YEAR OF DISABLED PERSONS

A Statement by the Honourable Walter Dinsdale, M.P., to the Third Committee of the Thirty-fourth Regular Session of the United Nations General Assembly, New York, November 27, 1979

The Canadian Government strongly supported the motions which proclaimed 1981 the International Year of Disabled Persons and established the Secretariat and Advisory Committee to prepare for 1981. Today, we reiterate that support and congratulate the Advisory Committee on the Report that is before us. It is an excellent blueprint for the Year of the Disabled, and I am pleased to see that a number of countries have begun preparatory work for 1981.

Celebrations during the International Year will have to be focused on individual member states, for it is axiomatic that the disabled can best be served within the context of the needs and experience of each country.

But Canada also supports the suggestion that regional or sub-regional intergovernmental organizations prepare regional plans for the year. We feel that it is important that these regional commissions, or regional intergovernmental organizations, report back to the Advisory Committee for purposes of co-ordination and consultation. Prevention and rehabilitation are vital concerns of all countries, and only by co-operation and co-ordination on a technical level can these needs be met.

The needs in rural and underserved areas present a special problem. The technical meetings of officials responsible for national programs of disability prevention and rehabilitation will result in the development of new and innovative methods of dealing effectively with these needs. The regional initiatives already taken within the European Social Development Program and the Organization of African Unity demonstrate this point.

I would suggest that the specialized agencies and bodies of the UN could co-ordinate these regional efforts through continuing inter-agency consultations. Non-governmental organizations, such as Rehabilitation International, should also be involved.

In Canada, preparations for the Year are well under way. A Bureau of Rehabilitation has been established in the Department of National Health and Welfare. The Canadian Government is proposing the appointment of a Select Committee of the House of Commons. This Select Committee will examine the nature and scope of current federal policies, programs and services directed to the general public and those designed to assist disabled persons. It will review the relationship between existing federal programs and those programs and services carried out by the voluntary sector and the provinces, and will report and make recommendations on the measures

required to best meet the special needs of the disabled.

The most basic of needs is the guarantee and protection of civil rights. The Canadian Human Rights Act offers some protection to disabled persons with respect to employment. The Government is now committed to extending this right to all facilities and services.

Concerning better employment opportunities for the disabled, the Canadian Employment and Immigration Commission is developing a strategy for employment of the disabled in the private sector. An Advisory Committee composed of disabled persons advises the Treasury Board on policies related to the hiring of the handicapped. In addition, the Adult Occupational Training Act is being amended, and work incentives and their relation to employment of disadvantaged groups are presently under federal-provincial review.

Adequate income is another priority. Many disabled persons must rely on transfer payments to make ends meet, and there is room for improvement. A Parliamentary Committee on Pensions is considering disability provisions of private and public plans in terms of adequacy.

Attitudes towards the disabled are often their greatest handicap. Canada has tackled this problem in a unique way with a national multi-media advertising campaign aimed at increasing public awareness and sensitivity to the problems and needs of the disabled. This has aroused interest internationally, and has been discussed at a recent UNESCO Round Table. The campaign is an excellent example of co-operation between the Federal Government and the Canadian Rehabilitation Council for the Disabled (CRCD), a non-governmental organization.

Integration of the disabled implies providing access to the community. While many physical barriers still exist, the Canadian Government has adopted a policy on physical accessibility with regard to federal public buildings. 1983 is the target date for completion of the program to make federal public buildings accessible to the disabled.

Access to the community also means having available adequate transportation. A federal Advisory Committee on Transportation for the Handicapped has recently been established to advise the Minister of Transport on the needs of the handicapped, and the policies required to meet them. You will be interested to know that I have just come from a Conference in Ottawa, organized by Canada's consumer group, The Coalition of Provincial Organizations of the Handicapped (COPOH). The theme of the Conference is Transportation for the Disabled. There has been so much public interest in the hearings that they have been extended a day.

Technology for the handicapped has a high profile in Canada's National Research Council. The NRC has established a rehabilitation technology unit to provide support for product development by establishing the clinical and economic feasibility of a product as well as encouraging industrial participation. The NRC is also involved in

the establishment of Technical Aids and Systems for the Handicapped (TASH), a marketing agency in the voluntary sector under the auspices of the Canadian Rehabilitation Council for the Disabled. Its objective is to market, service, and encourage the Canadian manufacture of aids to the handicapped which are unavailable through other means.

If the status of disabled persons in Canada has improved during the past decade, it is largely due to the disabled themselves, who have taken on an increasingly important and decisive role on their own behalf. The voluntary sector has also expanded its role as a provider of services and continues to lobby governments at all levels to improve the quality and range of services.

In this connection, we wish to bring to your attention the fourteenth World Congress of Rehabilitation International to be held in Winnipeg, in my home province, Manitoba, next June 1980. Its theme is "Prevention and Integration — Priorities for the Eighties". Congress organizers hope that the results of the meeting, particularly the Charter for the Eighties that will be coming from the Congress, will prove useful to the United Nations in its development of long-term plans for the next decade. Some 6,000 leaders in the rehabilitation movement from around the world will be in attendance, including many who are at this meeting today. It is my Government's hope that it will be possible for all member states to be represented at the Conference.

In conclusion, then, let me report that the Government of Canada is in full agreement with the Draft Resolution proposal on this item. We are prepared, within the limits of our financial and human resources, to do everything possible to improve the life-style of the disabled in Canada and around the world. The proposed leadership role of the United Nations may be crucial for the eventual realization of this objective. It is important that the United Nations itself, as an organization, ensures that its own services and facilities recognize the importance of prevention and integration. The roles of member states are equally vital. To this end, an Organizing Committee for 1981 will be established early in 1980 to give overall direction to the Canadian program for the International Year. This Committee will bring together representatives from different sectors of the community, including organizations of disabled persons, service agencies, organized labour and the business community. Its main thrust will be to stimulate the participation of the voluntary and private sectors, as well as different levels of government. In this manner, it is hoped that Canadians in all walks of life will become involved in projects and activities related to the International Year of Disabled Persons.

We advocate the development of mechanisms for information-sharing between countries in order to accelerate the attainment of our desired goal — quality of life for all. I believe that with all the member states working together, the International Year of Disabled Persons, while it might not add years to their lives, will certainly add life to their years. After all, a more abundant life is what we are all seeking.

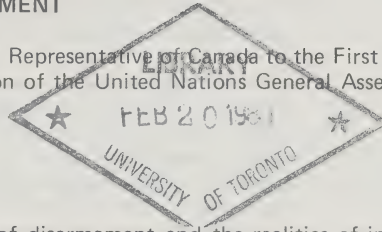


Statements and Speeches

No. 80/2

ARMS CONTROL AND DISARMAMENT

A Statement by Mr. G.A.H. Pearson, Representative of Canada to the First Committee of the Thirty-fourth Regular Session of the United Nations General Assembly, New York, October 23, 1979



The difference between the goals of disarmament and the realities of international security has always been wide. The common objective of virtually all governments is to achieve undiminished security at lower levels of armaments. Yet our common practice has been to seek greater security at higher levels of armaments. Eighteen months after the Special Session on Disarmament (SSOD), this discrepancy is especially glaring. That session helped to raise the hopes of many people that the dangers of modern weapons and of the arms race would be more fully taken into account in the policies of governments. They have been disappointed. This disappointment may turn into cynicism and indifference unless we are better able to keep these goals and realities in balance. The goals of disarmament can be articulated and explained with greater modesty and realism, without giving them up. Expenditures on defence can be reconciled with initiatives in arms control without the need for apology. History does not bear out the view that peace is always to be found in strength. But neither has it been achieved through weakness. Propaganda and slogans mislead governments as much as they confuse the public.

Of one thing we can be sure, however. A nuclear war involving the weapons now available would destroy civilization as we know it. This has been true for at least a generation. It is this fact which has given special urgency to our annual debate on disarmament, but it is also this fact which has convinced many people that nuclear war will never happen. We all know that this technology cannot be made to disappear. On the contrary, we know that nuclear energy is widely regarded as a possible escape from a situation where traditional sources of energy become inadequate to modern needs. Even if this were not the case, we could not abolish fissionable materials or the knowledge of how to make use of them for weapons purposes. Our immediate tasks are rather to improve means of control of these weapons and associated technologies, and to reduce their numbers by the negotiation of agreements amongst the nuclear weapons powers in the first instance. We hope very much in this respect that China will take its place soon in the Committee on Disarmament.

The U.S.A.-Soviet Treaty on Strategic Offensive Arms of last June is an example of such an agreement. Canada has welcomed the Treaty as a measure to help to ensure the stability of the strategic balance between East and West. We look forward to its coming into force at an early date. In our view, the Treaty will help to minimize the risk of nuclear war, to lay the basis for greater confidence between the major nuclear powers and to encourage further arms control agreements between them. We have noted in particular the fact that the Treaty places restraints on the modernization of strategic offensive systems. We have long believed that such restraints are important

if a credible balance of strategic deterrence is to be maintained. The inclusion of an agreed data base and counting rules is also a step forward in arms control.

That is why we think a comprehensive test ban (CTB) is also important, and why we have advocated the opening, at an appropriate stage, of negotiations on a cessation and prohibition of the production of fissionable materials for weapons purposes. These kinds of agreements would help to slow the momentum of weapons development in nuclear weapon states. They would also make a contribution to the non-proliferation of nuclear weapons. Both objectives are vital to the maintenance of global stability in the years ahead.

We regret that the Committee on Disarmament has not yet been given the opportunity to begin work on a CTB. While we do not think that calls by this Assembly for a negotiating timetable are always helpful, we do believe that concrete action towards a complete ban is necessary soon, especially in view of the convening of the Second Review Conference on the NPT in August 1980. According to authoritative public sources, there were more tests of nuclear weapons in 1978 than in any year since 1970. At the least, the numbers of tests must be reduced if confidence in the objectives agreed as long ago as 1963 is to be maintained. A further step along the road to nuclear disarmament would be a cessation and ban on the production of fissionable materials for weapons purposes and other nuclear explosive devices. Partial measures of nuclear arms control, including a so-called cut-off, are to be preferred to comprehensive negotiations which have little prospect of success. We acknowledge that the verification of an agreement not to produce such material for weapons purposes would pose difficult technical and political questions. These questions need examination, even if negotiations are deemed inappropriate for the time being, and we may wish to consider how to bring this about.

We are pleased that the Committee on Disarmament has looked into the question of security assurances to non-nuclear weapon states, and has made some modest progress. We think the Committee should return to this subject early in 1980. It is entirely understandable that non-nuclear weapon states not part of a system of nuclear deterrence should be interested in assurances against nuclear attack. These weapons, as I have said, are not soon going to disappear. That being the case, pledges of non-use by those states that possess nuclear weapons are of considerable significance, even in the carefully defined circumstances which each nuclear-weapon state has put on the record. It may now be feasible to work out international arrangements which would strengthen the security of non-nuclear weapon states. It is important to increase confidence amongst all states that they will not be the object of surprise attack or the victims of miscalculation. A condition of such confidence is information. Reliable information about these matters and some structure of agreed and specific restrictions on use will help to increase confidence that nuclear war can be avoided.

Canada's views about other items on our agenda will be stated at the appropriate time. Our general approach to arms control and disarmament negotiations will, however, be influenced by the following general objectives. First, we will give pre-

ference to initiatives which involve real measures of restraint, reduction or elimination of weapons and armed forces and which, therefore, qualify the actual capabilities of states to wage war.

Second, we believe that the Committee on Disarmament should be more involved in dealing with the main issues. Negotiations on some types of weapons systems are appropriately conducted outside the Committee at least in the initial stages, but as others have pointed out it is also the case that weapons of mass destruction threaten the lives of people everywhere, whether they are citizens of large or small states in any part of the globe. We believe, therefore, that the Committee on Disarmament should establish soon a working group on a Chemical Weapons Treaty, as already proposed by many members of the Committee. It is important that all members of the Committee know what are the main questions in dispute concerning the scope of a Treaty and its verification, if they are to have a hand in resolving these issues and especially if they are to accept fully the obligations which a Treaty will impose on the signatories.

Third, we will continue to attach importance to methods of verification which give confidence that agreements are being observed. They are more likely to do so if impartial and competent international agencies are also involved. The administration of safeguards on peaceful nuclear activities by the IAEA is a good example. We therefore accept the principle of an International Satellite Monitoring Agency under the authority of the United Nations, even though there are formidable financial and political obstacles to the establishment of such an agency, and will support the recommendation of the group of experts studying this subject that a comprehensive report be completed by 1981.

Fourth, we are disposed, in principle, to support other initiatives which help to strengthen the role of this organization as an important source of information and expertise of arrangements for the control of arms. It is unsatisfactory for example, that so much of the information in the public domain on military forces and arms should be published by semi-private institutions and not by the United Nations, despite the high calibre of many of these institutions. We are glad, therefore, that consideration is now being given to proposals that the UN gather more information on conventional weapons, including the transfer of such weapons. Some of this information would be derived from the completion by states of the reporting instrument on military expenditures which has been prepared by the *ad hoc* panel of experts and distributed by the Secretary General. We hope it will receive attention from states in all regions.

Other current UN studies will also help to achieve this purpose. We have in mind especially the studies on disarmament and development on nuclear weapons, and on regional disarmament. We also support the proposal that experts follow up the work already done on confidence-building measures. It has been said that study of a subject is a poor substitute for disarmament. But without impartial elucidation of the facts, wider understanding of the issues and mutual confidence, we may not have any substantial progress on disarmament. We accordingly, in principle, favour the undertaking

of expert studies by the Secretary General which could contribute to progress in any area of arms control and disarmament. We recognize that these studies place a heavy burden on the Centre for Disarmament and that thought needs to be given to the future resources and role of the Centre. A separate research program on disarmament within the framework of UNITAR might help to relieve the strain, and could be financed by voluntary means.

I would like to say a word in conclusion about the efforts my government is making to facilitate the dissemination of information on disarmament. We are financing two research projects on aspects of Canada's economy for the study on disarmament and development. The Canadians serving on the Advisory Board on disarmament studies and on the nuclear weapons study both teach at Canadian universities; their experience will be of benefit to students. We have formed a consultative group of representatives of prominent non-governmental organizations to give advice on matters of education and research, as well as to exchange views on policy questions. There have been a number of meetings and symposia to which the Government has given support. We also intend to promote research into public opinion. It is often assumed that disarmament goals are popular. This may not always be the case. But in any event, our activities here will not be understood unless governments can convert goals into realistic agreements which actually do lessen the dangers of war.

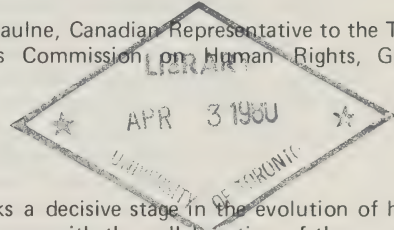


Statements and Speeches

No. 80/3

THE COMMISSION ON HUMAN RIGHTS AFTER THIRTY YEARS

A Declaration by Ambassador Yvon Beaulne, Canadian Representative to the Thirty-sixth Session of the United Nations Commission on Human Rights, Geneva, February 4, 1980



The decade which is now ending marks a decisive stage in the evolution of human rights. In the first 30 years of its existence, with the collaboration of the experts of the sub-commission, the Commission has acquitted itself admirably of the tasks which the General Assembly confided to it. Since the entry into force four years ago of the two covenants based on the universal declaration of 1948, the Commission's role has been enlarged. It now acts not only to enunciate principles but also to ensure that they are respected everywhere.

Experience has shown that the implementation of international instruments is much more complicated than their elaboration. The Commission has been faced with resistance and opposition. However, even if the execution of the mandate given it by the international community has become more difficult, the Commission must continue to fulfill it as best it can.

Since 1976 the Commission has improved and reinforced the procedures concerning massive violations of human rights. The debates of the last session served to dissipate a great number of uncertainties and ambiguities on this score, and brought clarification which defined the limits and possibilities of these tools. However, a majority of delegations have drawn back from certain actions, the need for which seems to us even more evident today. The Commission has preferred, for example, to delay the examination of a situation which constitutes one of the greatest tragedies of our time and which a special rapporteur, the President of the sub-commission, described for it in a well-documented report. Other initiatives, notably concerning thousands of disappeared persons and massive exoduses of populations, suffered a similar fate, while the situations which these initiatives were designed to remedy were in the meantime aggravated. Would these situations not have been different if the Commission had dealt with them at the appropriate time?

Many proposals, including some of considerable interest, have been presented to the Commission with a view to improving its performance. Of course it is necessary to seek constantly to ameliorate the methods at our disposal. For myself, I believe that our most important difficulties are not technical in nature. We are not short of time, nor of documentation; we are short of will and sometimes of good will. We could go faster and further if we truly wished to do so.

What paralyzes our Commission above all is the narrow and obsolete conception some governments hold of their responsibilities to the international community for their actions in the field of human rights. However, it is not possible to maintain seriously

today, as certain jurists have done in a less enlightened age, that the manner in which a state treats its citizens concerns it alone. In respect of human rights, states have assumed obligations to the international community of which they are a part. They must, as a consequence, answer for their behaviour in this field, not only to their peers on the bilateral level and to their partners within alliances or collective enterprises, but to all states of the international community.

As representatives of member states of the United Nations we cannot fail to comment on situations which distress our contemporaries, or abstain from seeking solutions to these situations. Such evasion cannot be justified by geographic, historic, ideological, political, racial, religious or cultural affinities. It is the entire international community which is involved in violations of fundamental human rights and not one or another group of governments. Furthermore, public opinion, at least in countries where it can be manifested, is unanimous in rising up against violations of fundamental liberties wherever they occur. Human solidarity cannot be compartmentalized artificially by frontiers. On the domestic level, public opinion has led many governments to modify their attitude towards certain situations so as not to affront the convictions of their citizens; at the international level, this same public opinion has helped to bring about the fall of dictatorial regimes over the past year. Indeed, who can deny the determining role which it has played in the evolution of attitudes with regard to these regimes? Furthermore, there are times when silence is no longer permitted because such silence would imply indifference or acquiescence. To permit crimes to be perpetrated and to multiply without comment, surely, is to become the accomplice of the crime. If one contests the Commission's right to intervene in the internal affairs of states, with a few exceptions, the Commission surely has a duty to intercede on behalf of persons which it has a reason to believe are threatened in their fundamental liberties.

Surely it can interpose itself on behalf of such persons without interfering in matters outside its competence and without drawing upon itself the reproach of meddling in affairs which do not concern it. All governments linked by the same international obligations can legitimately enquire into the manner in which each of their partners acquits itself of its obligations within its borders.

When its efforts are without avail, the Commission has no other recourse than to appeal to public opinion, which remains its ultimate weapon. However, this weapon does not always produce the required effect. Here, too, attempts are made to diminish its impact. It has been said that the cement of the civil multitude remains reason, or more precisely, the exercise of reason.

At the ideal level, the city has but one passion, that of justice, but the desire for justice, even if it involves the heart, finds its scope and its source in the spirit, in the clear idea of what is owed to the citizen by the city and to the city by the citizen. Civilization is born out of dialogue. The political community is a community where people debate. Debate is necessary to the blossoming and development of public opinion, which those who hold the power must know to govern according to the wishes of the people. Where debate is forbidden, where information is directed, where

the press is not free or where censorship reigns, how can public opinion exist? A large part of mankind is unfortunately still deprived of the means of expression.

Despite these defects, the Commission seems less impaired than one might have thought. How otherwise would one explain that so many governments seek to prevent situations in which they are involved being brought to the tables? Still, the Commission is not an international tribunal. Its objective is not to punish governments, but to alleviate the fate of the victims.

To this end, the Commission has experimented with mechanisms which it has been obliged to invent to respond to violations of human rights without wounding the susceptibilities of governments, while at the same time obtaining their co-operation. These mechanisms are now operational, and their use will no doubt become easier. My activities as president did not end at the conclusion of the thirty-fifth session but continued until now in various forms. In this context, it would without doubt be appropriate to follow up on resolution 22 of last year, which envisages meetings of the bureau between sessions when circumstances require, as well as providing the Human Rights Division with the personnel it needs to fulfill its functions. It is of the greatest importance indeed that the Human Rights Division have at its disposal sufficient resources to carry out the increasingly heavy tasks which have been assigned to it. For myself, I wish to take this occasion to warmly thank the Director, Mr. Van Boven, and his staff for their constant support. I have become aware in working closely with them of their great competence, and of their devotion and profound attachment to the cause of human rights.

The Commission has taken prudent steps in new directions, opening for example on the right to development in its regional and national ramifications. Draft conventions on torture and on the rights of the child are now on the way to completion, as well as a draft declaration on the rights of ethnic, linguistic and religious minorities.

We understand it is becoming urgent to envisage intercessional action on the part of the Commission and to extend the duration of meetings of the Commission and the sub-commission. With the agenda items that we have debated in public session, and the situations which we have studied in camera, I believe that the balance sheet is favourable.

However, in comparing these accomplishments with what remains to be done, the results surely seem derisory. How can we not begin with anguish the thirty-sixth session of the Commission, which is opening against a backdrop of armed conflict? The spirit of *detente* is threatened. The world is in a state of alert. It is timely for the Commission to recall that force does not suffice to guarantee security and that peace does not rest on armed force alone. Let me quote in this respect one of the most prestigious champions of human rights and of peace, His Holiness Pope John-Paul II: "in the final analysis, peace is but the respect of the inviolable rights of man".

The champions of human rights must not let themselves be intimidated by the rattling of sabres. Security is not threatened uniquely by military confrontation but by

economic disparity and threats to civil and political rights. National security must ensure the security of citizens and not compromise it. The time has come not to abandon attempts at disarmament but to renew them, not to neglect human rights but to insist that the United Nations and its member States recognize the privileged place they must occupy in international relations.

My predecessor in this forum, President Keba M. Baye, deplored last year that each of us presented himself here bearing instructions and bound by the decisions of his Government. Instead of working to realize a common ideal, many members of the Commission strain their ingenuity to defend fixed political positions, responding to solely ideological and economic interests in an organ which should aspire to universality and whose principal concern should be the dignity of the person. Alas, we are meeting here as representatives of our countries and the Commission is not a debating society where each can unburden himself freely. Diplomats do not live solely by simulation and dissimulation, contrary to the legend attached to their profession; in reality their strength lies in their integrity. If one cannot trust their word, international relations will be constructed on too fragile a foundation. Our official character should not prevent us from conducting ourselves as persons of good faith and good will. Despite all that divides us, let us apply ourselves to developing techniques of practical co-operation. Whatever our differences, I believe that beyond philosophical arguments, we must strive in our work to conciliate in a pragmatic manner the aspirations which are shared by all people and which are evidence of their ineradicable hope for a better, more just and more fraternal society.



Statements and Speeches

No. 80/4

CANADA AND LATIN AMERICA – PAST, PRESENT AND FUTURE

A Speech by the Secretary of State for External Affairs, the Honourable Mark MacGuigan, to the Ontario Co-operative Program in Latin America and Caribbean Studies Conference on Health and Welfare Development, Windsor, Ontario, March 29, 1980

...This international seminar is devoted to the problems of health, welfare and development in Latin America and the Caribbean. By meeting in Canada to discuss these issues you are effectively underlining Canada's long-standing and growing interest in both areas; indeed, Canada will be giving increasing attention to Latin America and the Caribbean in the months and years ahead and I am delighted to be able to show my personal commitment by making one of my first official visits abroad to Mexico City next month.

Canada's role in health and development

Before coming to the main subject of my remarks today, Canada's relations with Latin America, I thought I would review briefly some of Canada's activities in the area of your special interest, health and development. Canada's concern for these problems has been demonstrated by our active membership in the Pan-American Health Organization, where we have now served three years on the Executive Committee. Our contributions to the PAHO include technical assistance in rural water and sanitation programs, dental health education, health worker training, and the development of food and drug standards.

The promotion of higher health standards has also been one of the objectives of the International Development Research Centre, the IDRC, in its programs in Latin America and the Caribbean. The Centre's projects stress applied research into health care with the involvement and strengthening of local research institutions. In Cali, Colombia, a project is studying the use of "health promoters" — non-specialist health workers who provide primary health care at the neighbourhood level. Elsewhere in Colombia an IDRC project is studying the utility of immunizations provided to undernourished people. In Paraguay, the IDRC has examined the possible role of rural schools in teaching the provision of basic health care. In Guyana, the IDRC is evaluating the role of trained medics in the delivery of basic health care.

The Canadian International Development Agency, CIDA, has also been conducting health related programs in these regions. It is assisting the Andean Pact to build a pharmaceutical industry. In Trinidad, CIDA has provided technical assistance for a community mental health program. CIDA also endeavours to consider the long-term health implications of its assistance to the region. Thus a water-supply project in Belize contains provisions for ensuring that there will be local personnel capable of maintaining water purity levels. And an integrated rural development program in hospital-poor Haiti trains public health monitors in all aspects of preventive medicine. In general, Canada's health-related assistance programs attempt to attack fundamental problems, rather than merely applying "Band-Aids".

Main themes

In this seminar, you have been looking at both Latin America and the Caribbean. You all know how very different the two are, despite their proximity and links. The Canadian Government is now reviewing its policy in the Caribbean where Canada's interest is profound and growing and I look forward to speaking on that soon. Today, however, I want to focus on Canada's relations with Latin America. I shall present two major themes:

— First, Canada's relations with Latin America should recognize not only the increased economic importance of Latin America but also the new weight of Latin America in global political issues. I believe these two dimensions of our relationship, the economic and political, should be mutually reinforcing.

— Secondly, Canada's relations with Latin American countries should recognize their diversity. While needing to be sensitive to the regional dimension, we should avoid thinking primarily in terms of a "regional" policy. In recognizing Latin America's diversity, Canada should give special priority to developing further our relations with those countries where our political and economic interests are more concentrated.

Latin America in the global context

Before turning to the development of Canada's bilateral relations with Latin America I want to consider the remarkable emergence of Latin America onto the world scene.

Most countries in Latin America won their independence from Europe early in the nineteenth century. While they maintained cultural ties with their former colonial powers, and some had important trading links with Europe, the Latin American countries remained largely outside "world politics" which were focused on the great colonial and continental powers of Europe. The vigorous young republic of the United States, itself isolated from world politics, soon became the dominant outside force in Latin American politics. With the Monroe Doctrine, it proclaimed the whole area as a sort of protected domain, a *chasse gardée*. The U.S.'s influence probably reached its peak in the period from the end of the First World War until the early Fifties. In any case, for roughly one and a half centuries Latin America remained largely outside the world's central political struggles. This relative isolation was exemplified by the non-participation of all Latin American countries, except Brazil, in the hostilities of the two world wars.

In the last 20 years, Latin America has come to assume a much more prominent place on the world stage. Partly, this has been for economic reasons. The new economic importance of Latin America can be seen in many ways. In the first eight months of 1979, for example, Mexico, Venezuela and Brazil were the world's three largest borrowers on the Eurocurrency market. The 1970s was the decade in which oil turned the world economy on its head. Venezuela, Ecuador — which are both members of OPEC — and Peru were early beneficiaries while Mexico, which is not a member, stands to make extraordinary gains in the 1980s. The 1970s saw increasing differences in the performances of the world's economies but most Latin American countries, even those that are poor in oil, enjoyed good economic growth. Brazil, which alone counts for almost half of Latin America's population, developed very rapidly, to emerge as the world's tenth-largest economy and a significant exporter of manufactures.

The new importance of Latin America is also a result of major political developments. With global decolonization through the last two decades and the appearance of oil power in the 1970s, the structure and distribution of international power has shifted and the agenda of international politics has changed. The Third World countries now form a solid majority at the United Nations. Of course, the Latin American countries are quite different in their history and level of development from most of the Third World. But the Latin Americans had done a good deal of thinking on reforms in the international economic order as early as the 1950s so that particularly outstanding individuals such as Raul Prebisch of Argentina, the founder of the United Nations Economic Commission for Latin America, were able to act as intellectual leaders in the North-South dialogue. This started at the first UNCTAD meeting in 1964, continued through the mid-1970s at the Conference on International Economic Co-operation which was co-chaired by Venezuela and Canada, and it is evident now in preparations for the forthcoming global negotiations at the UN where ideas such as President López Portillo's proposal for a World Energy Development Plan will be prominent.

Latin America has also shown its new weight in relation to other issues, such as the general agreement on tariffs and trade, the Law of the Sea, and the control of nuclear proliferation, all of which are of major interest to Canada. To take only the matter of non-proliferation, which has become a central issue in Canadian Foreign Policy, we welcomed the initiative and the imagination shown by the Latin American countries, led by Mexico, when in 1967, three years before the non-proliferation treaty, they designed a treaty of their own, the treaty of Tlatelolco, which declared Latin America a nuclear weapons free zone. We believe that, in doing so, the countries of Latin America set a precedent and an example which has application in other regions of the world and which makes a major contribution to international confidence and stability. We hope that the Tlatelolco Treaty will soon be in effect for all the countries of the region and, in particular, for Brazil and Argentina, which are the countries with the most advanced nuclear programs but which have not yet felt able, for reasons of their own, to accept the restraints of the non-proliferation treaty.

The new global prominence of Latin America is of direct interest to Canada in the conduct of its foreign policy. Canada is a major aid donor and it has taken a very active role on North-South issues. We are at present concerned by such questions as petro-dollar recycling and the management of LDC debt, the creation of energy plans in oil-poor developing countries, and the limitation of the demographic explosion which threatens to undermine so much progress in the Third World. These are all questions which interest Latin American countries and on which we should be able to co-operate in seeking solutions. Canada also has special interests in the Caribbean, where certain Latin American countries, such as Venezuela, Mexico and Cuba, have been active and influential. Both Canada and several Latin American countries have played leading roles at the Law of the Sea conference, and we have been able to co-operate very fruitfully. Thus there is, I believe, a basis for much closer contacts between Canada and Latin American governments on many global political questions.

Canada's direct links with Latin America

Canada itself was relatively slow to develop an independent international personality — we only established a legation in Washington in 1927 — and we did not develop diplomatic relations with Latin America until the Second World War, when five missions were opened. But long before that Canadians had made their presence felt, first through contacts by Canadian missionaries in Chile and elsewhere and subsequently by Canadian-established utility companies in Mexico, Venezuela, Bolivia and Brazil. Canadian manufacturers of agricultural machinery sold combines to Argentine wheat farmers and Canadian companies built railways and mining installations. So our belated diplomatic recognition was a reversal of the old adage that "trade follows the flag". During the 1950s Canada completed its diplomatic accreditation to all the countries of Latin America.

The scale of our trade can be seen in Latin America's standing as the most important region for Canada's trade after the United States, the European Community and Japan. In 1979 our total exports to the area amounted to \$2.5 billion. Our exports to Venezuela alone amounted to about \$700 million, slightly more than Canadian exports to France, and over 60 per cent of that was in auto-parts which generate skilled employment in cities like Windsor. In fact, about 43 per cent of our exports to Latin America are in the form of fully manufactured products, the highest such percentage for any of our major trading regions.

The trade figures are encouraging in that Canada's exports increased five fold between 1968 and 1979. Canada's share of the total Latin American market remained relatively stable during the 1970s, however, after growing considerably in the 1960s. We have not become a major supplier to Latin America, nor is Canada yet a major destination for Latin American goods. Without discounting the progress that has been made there is still a great challenge to increase trade in both directions.

In many ways our relationships with Latin America are still too "one dimensional". They remain essentially a reflection of the early pattern of trade and investment contact between Latin America and Canada. We need to bring new dimensions to our economic relationship, particularly in industrial co-operation and technological exchanges. Some similarities in the structure of the Canadian and certain Latin American economies provide vast scope for potential co-operation and joint ventures. The opportunities lie in both directions. Canada has been a beneficiary as well as a dispenser of technical knowledge: our scientists have benefited from topographical and thematic mapping techniques developed in Mexico and Columbia and from Brazilian research in earth physics.

Canada's relations with certain Latin American countries will naturally be strongly marked by our concern to secure long-term oil supplies from this stable and historically friendly region of the world. We believe that the complementarity of our economies and the possibilities of co-operation should make this very attractive to both sides.

Latin America as a "Region"

Both Latin America's new prominence on the world's political stage and its evident economic promise make it a region of special interest to Canada. In developing its policy, I think Canada should avoid the pitfall of thinking of Latin America primarily

in regional terms and assuming a false homogeneity. Of course, there is a regional dimension to Latin American co-operation. Canada has supported this and been sensitive to the regional dimension, as shown by our permanent observer status at the OAS, and our membership in the Pan-American Health Organization, the Inter-American Development Bank and other institutions having a Latin America focus. Our financial participation in Inter-American Development Bank is now around \$750 million and we also contribute \$237 million to the Bank's Fund for Special Operations for social development projects.

But the diversity of Latin America is one of its central characteristics and Canada should recognize it in its approach. The score of countries from the Rio Grande to Tierra del Fuego differ in their internal make-up, international orientation, in their economic development and areas of concentration, and in their size. The largest country, Brazil, speaks a different language from the others. Geography has presented formidable barriers to communication so that Latin America has been very slow to develop transportation links. As a consequence, intra-regional trade is still only about 15 per cent of total exports, and even this is a considerable increase from earlier periods. There has been a certain sharing of geography, history and cultural links which has given meaning to Latin America as a region, and the last two decades have seen significant efforts to increase regional links through trade agreements, cultural exchanges, diplomatic links and improved transport and communications. But the fact remains that Latin America does not function closely as a "region" in the way Europe, particularly Western Europe, does.

Canadian policy towards the area should be very sensitive to the particular characters of the very different countries which constitute it. I believe Latin Americans themselves will respond positively to such an approach, in the same way that Canadians respond positively to a clear recognition by other countries of our distinctiveness.

**Future
directions of
Canadian
policy**

The new importance of Latin America requires Canada to give increasing attention to its relations with the region's countries. It is in the nature of things that our focus will fall most on those countries which are of the greatest economic and political interest to Canada, among which Brazil, Mexico and Venezuela must stand out.

Venezuela now has come to be our fifth largest trade partner. In 1979, Venezuela was Canada's chief foreign source of oil, supplying roughly 40 per cent of our imports. Instability in the Middle East underlines the importance of Western Hemisphere oil sources for Canada, and I view it as being in our long-term interest to establish stronger bilateral energy relationships between Canada and Venezuela. As a purchaser of Canadian exports, Venezuela ranks after the U.S., Japan, Germany and the U.K. The rapid expansion of the Venezuelan economy and its growing oil revenues provide excellent opportunities for Canada to increase its exports of goods and services and to develop co-operative ventures, such as in oil sands technology. Canada should also come to represent a market of growing importance for Venezuelan exports in addition to oil. We have been able to develop close relations with Venezuela and I am confident that the Venezuelan government will respond positively to our desire to broaden and deepen our political and economic links.

Mexico is our nearest Latin American neighbour. Like us, it was somewhat in the shadow of the American giant, with heavily concentrated trade and many other trans-border issues. We both are keen to diversify our relations, and Canada is glad to be one of five countries Mexico has designated as being a target for closer relations. We intend to respond as positively and imaginatively as we can.

Mexico's vast oil wealth and its increasing industrialization make it certain that Mexico can be expected to play a key role both in this hemisphere and on the world stage. Mexico, whose total imports grew by almost 50 per cent last year, is a very promising market for Canadian manufactured goods. Its economic development plan envisages expenditures of \$40 billion providing excellent opportunities for Canada. Canada has moved to develop closer relations with Mexico. We have concluded a cultural exchange agreement. In early 1979 two major agreements on energy co-operation and industrial co-operation were concluded with Mexico. The energy agreement is particularly important to both Mexico and Canada. It allows Mexico to lessen its dependence on the U.S. market while it assures Canada certain supplies of petroleum. In return for future increased oil supplies, Mexico will be looking for augmented industrial co-operation with Canada in a wide variety of areas. I am pleased that President López Portillo will be visiting Canada in May and we expect to be able to make significant progress in the implementation of our agreements on energy co-operation and industrial co-operation. We also envisage discussion on major world political and economic issues. Clearly, our relations in future must have both a political and an economic dimension.

Brazil, with its population, its industry, its huge untapped resources and its impressive growth, is of evident economic importance. Canada has special historical links through investments now totalling \$1 billion, our largest outside the U.S. Our banks are very active, with loans of almost \$4 billion, and our two-way trade last year exceeded \$700 million. Canada was pleased to conclude in January a major grain sale, for approximately \$700 million over three years. Brazil proposes to triple its installed electric generating capacity in the coming decade, almost entirely through hydro, an area of established Canadian expertise. It is undertaking a very imaginative program to develop gasohol, the production of fuel from plants. Brazil has the potential to become a world power, and it is already being felt as a major influence or partner in such distant countries as Iraq and Angola. Canada looks forward to developing much closer economic, political and cultural links with this vigorous country.

While our relations will be especially strong with Mexico, Brazil and Venezuela, we will be anxious to develop our relations with the countries of the Andean Pact such as Colombia, Peru, Bolivia and Ecuador where significant new trade and investment opportunities are developing, and with the six countries of Central America where we have been very active in economic development and there are very interesting possibilities for joint ventures and the supply of capital equipment. We will also consider promoting our economic relations with the countries of what is called the Southern Cone, countries whose economies are developing rapidly and which welcome Canadian industrial and commercial participation; with the Latin countries of the Caribbean such as the Dominican Republic, Haiti — the only French speaking nation in Latin America and a country where we have an active aid program and

obvious cultural and linguistic ties — and with Cuba, which is the fourth largest market in Latin America for our exports.

In speaking of Latin America today I have concentrated, deliberately, on the positive aspects and possibilities in our relations. I considered that both desirable and appropriate for this occasion. But there must be no misunderstanding. Canada has a long, proud record of concern for human rights. We are no less troubled today than yesterday with human rights abuses in the world wherever they occur, including Latin America. Such abuses affect us profoundly; and they cannot fail to have an adverse impact on the tone and substance of our bilateral relations. This should not surprise anyone — it flows from the nature of Canadian society and the traditional Canadian respect for the rights of the individual person; and it has been reflected over the years in our efforts to help improve the human condition, through development assistance, the expansion of the rule of law and support for fundamental democratic principles.

As far as Latin America is concerned, I want our friends there to appreciate that respect on their part for human rights is bound to enhance the context within which our relations are conducted, whereas violations, and particularly flagrant violations, of individual rights cannot leave us indifferent. How far Canada can and should go in making its views known is a question to be considered in each case. Our aim in Latin America, and elsewhere, must be to contribute to a genuine improvement in human rights, by private or public means, or both. We should not, however, make public declarations for their own sake, or without regard for their effectiveness in achieving the results we desire. This is an important consideration I intend to keep very much in mind as I examine specific cases in the months ahead.

Conclusion

The next decade presents major opportunities for a broadening and deepening of Canada's ties with Latin America. This will require more than a greater effort by the Government of Canada. Our schools and universities must make more efforts to teach Spanish and Portuguese, and our news media must visit the area more frequently. The Government plans to work closely with individual enterprises, with CALA, the Canadian Association for Latin America and the Caribbean, and with the Brazil-Canada Chamber of Commerce. All of these are playing such an active and valuable role in developing and enhancing contacts between the business communities in Canada and the various countries in Latin America.

Canada's relations with Latin America need to become less "one dimensional". In economics, trade needs to be supplemented by industrial co-operation and technological exchanges. But our economic links themselves need to be reinforced by greater attention to political relations on both hemispheric and global questions. This will require more contacts, on a wider range of subjects, by both Ministers and officials. These political contacts should provide the framework for — and be supported by — closer economic and cultural contacts, both governmental and private.

Ladies and gentlemen, I share your interest in the health, welfare and development of the countries of Latin America and the Caribbean, and I think it most important that Canada play its part towards improvement in all three areas. My interest of course, which I am confident you share, is even broader than that because it reflects a

concern for Canada's relations with these countries within their regions but particularly individually. It is to the health of Canada's relations with the countries of Latin America and the Caribbean, and with a particular eye to the future, that I will pay special attention from now on. The health of these relationships must not only be monitored but the occasional malady must be cared for. Even more important, we must actively find ways and means of making Canada's relations with Latin America and the Caribbean healthier in the future than they have ever been in the past.

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Statements and Speeches

No. 80/5

THE SITUATION IN AFGHANISTAN

A Statement by Ambassador W.H. Barton, Permanent Representative of Canada to the United Nations, at the Sixth Emergency Special Session of the General Assembly, New York, January 11, 1980

Editorial note

The question of Afghanistan was debated at meetings of the United Nations Security Council from January 5 to 9. Following a veto on January 7 by the Soviet Union of a draft resolution calling for the withdrawal of all foreign troops from that country, the question was then referred, by procedural resolution, to an emergency special session of the United Nations General Assembly. This emergency session, the sixth in United Nations history, was held from January 10 to 14. It culminated in the adoption of a resolution calling for an "immediate, unconditional and total withdrawal of the foreign troops from Afghanistan" by a vote of 104 (including Canada) to 18 against (Afghanistan, Angola, Bulgaria, Byelorussia, Cuba, Czechoslovakia, Peoples Democratic Republic of Yemen, Ethiopia, German Democratic Republic, Grenada, Hungary, Lao People's Democratic Republic, Mongolia, Mozambique, Poland, Ukraine, U.S.S.R., Socialist Republic of Vietnam) with 18 abstentions (Algeria, Benin, Burundi, Congo, Cyprus, Equatorial Guinea, Finland, Guinea, Guinea-Bissau, India, Madagascar, Mali, Nicaragua, Sao Tome, Syrian Arab Republic, Uganda, Yemen, Zambia). The Canadian Permanent Representative to the United Nations, Ambassador W.H. Barton, stated the Canadian position in an address to the United Nations Security Council on January 7, 1980 and then again before the Emergency Special Session of the General Assembly on January 11, 1980. Following is the text of Ambassador Barton's statement to the General Assembly:

We are gathered here in extraordinary session because the territorial integrity and the political independence of one of the members of this organization has been infringed in complete disregard of the fundamental principles of the Charter. We are gathered here because a great power — the Soviet Union — has, in default of its special responsibilities and in defiance of principles that are binding on all, invaded and occupied a smaller and non-aligned neighbour nation. We are gathered here because the exercise by the Soviet Union of a self-protective veto has rendered the Security Council incapable of exercising its primary responsibility for the maintenance of international peace and security.

The grave breach of international peace which has been committed by the Soviet Union in Afghanistan cannot and must not be ignored. The notion that, by doing so, we would be interfering in the internal affairs of a member state is, surely, one of the most fantastic ever to have been advanced in the councils of this organization.

It is well to probe into the arguments used by the Soviet Union and its friends in Kabul to justify the military intervention that has taken place. The assistance of the Soviet Union is said to have been requested by the Afghan leader who has not been

allowed to live to regret it. This assistance has also been represented to many of our governments as consisting of "limited military contingents" which will be withdrawn once external aggression has ceased. Such claims are difficult to reconcile with the facts of the situation, which show nearly 100,000 Soviet troops — larger than the total armed forces available for the defence of Canada — to repel an "external aggressor" who is nowhere to be seen.

No, the facts are that the Soviet forces are not battling an external aggressor; they are battling Afghanis who, for the crime of resisting an alien government imposed on them by undemocratic means, are being branded as counter-revolutionaries. There can be no justification for such action. The international community cannot condone such a transparent attempt by a great power to extend its sway over a smaller neighbour who has represented no threat to the security of the Soviet Union. If each of us were to interpret our security concerns as requiring conformist regimes along the length of our national borders, the Charter of this Organization would, indeed, be reduced to a scrap of paper.

The consequences of the Soviet intervention for the people of Afghanistan are evident enough. But our primary concern here is with the threat this action poses to international peace and stability. It is not surprising that other non-aligned countries, in the region and elsewhere, feel threatened; that they are asking themselves: whose turn will be next? In a region of the world which has been afflicted by endemic unrest and conflict, the Soviet action adds a particularly dangerous dimension to an already serious situation. We must stand ready to give our collective support to all efforts which may be undertaken by the countries of the region to bolster their national security and territorial integrity. In this organization, in particular, we must record our complete rejection of the motives for Soviet intervention in Afghanistan. We must, in the words of the procedure that has been invoked to convene us here, unite for peace.

What the Security Council was prevented from doing, we must now set out to do here. The world community that is represented here must condemn the U.S.S.R. action in Afghanistan as a clear violation of the basic principles of the Charter. We must demand the immediate withdrawal from Afghanistan of all Soviet troops. This surely is the first essential step to restoring stability in the area and to enabling the Afghan people to exercise their inalienable right of self-determination.

We are not asking the impossible. We are asking of the Soviet Union what the Soviet Union would ask of any other state if the roles were reversed. We are concerned about the impact of the Soviet action on so much that we have accomplished by working together here and in the other agencies of the United Nations. The climate of international confidence has been badly shaken. The indivisibility of detente has been challenged. Relations between many of our countries and the Soviet Union are going to be under increasing strain as we try to make it clear to the Soviet Union that it will not be held immune from the consequences of its actions. The lessons of history have left their imprint on us as they have on the Soviet Union.

My delegation wholeheartedly supports a firm judgment by this Assembly against what has happened in Afghanistan. While we recognize that resolutions of this Assembly have no mandatory force, we submit that a resolution to this effect will carry the judgment of the large majority of the nations of the world and that, as such, its political and moral value cannot be casually dismissed and ignored. If the many past initiatives of the U.S.S.R. on non-intervention and non-use of force are not to be emptied of their content, now is the time for that country to live up to its professed beliefs. Only in total respect of one another's sovereignty and independence will we be able to continue striving for international co-operation and understanding.



Statements and Speeches

No. 80/6

TRADE MISSION TO WESTERN AUSTRALIA

A Speech by the Honourable E.C. Lumley, Minister of State for Trade, to Australian and Canadian Businessmen, Perth, Australia, May 19, 1980.

...Obviously there is something which binds Canadians and Australians — something which I fear we have always just taken for granted. We have to spend more time and effort in nurturing, developing and expanding this wonderful relationship....

My only regret is that our time here is so short that we can only catch a fleeting glance of this most beautiful of cities with its delightful setting and climate. I would have liked to have spent several days at the sites of some of your major development projects so as to see for myself the sources of the economic boom which is bound to propel this state into great economic activity.

In any event we will be back. Our businessmen will be following-up on the many contacts they have made and I shall be returning, I am sure, to examine more closely how we in Canada can participate in each of your great resource developments — and great they are!

— Already Western Australia is one of the world's largest suppliers of iron ore — your Premier gave us all the figures. No matter how you look at it, production or exports, you have made your mark in the world;

— your bauxite production has been significant to the Canadian aluminum industry;

— you are important in nickel and there has been close co-operation between our major nickel producers to the mutual benefit of both our countries;

— and then there is the oil and gas which is bound to change the face of your north west;

— add to these your fisheries and agriculture and you have one of the greatest futures in this resource-hungry world.

During my regrettably short stay in Perth, I have already been captured by the enthusiasm of your political and business leaders regarding future developments in the state. The Northwest Shelf LNG development ranks among the largest projects currently being undertaken anywhere in the world. We hope that Canadian technology and Canadian companies will play a role in this and future energy developments here.

As many of you know, my Department recently held a Canadian oil and gas technology symposium in Perth to acquaint you with the latest developments in this industry in Canada and to provide an opportunity for Australians and Canadians in

the oil and gas sector to meet informally over a period of several days. We now hope to build on this initiative as well as on relationships that have been, or are being, established in other industry sectors.

We are watching with interest your plans for further developing uranium, nickel, iron ore and aluminum. We have many parallel developments in Canada and we feel that we have the potential to work with you in sharing technology and equipment. This could be done on a direct sales basis or through licensing/joint ventures and other co-operative agreements.

Clearly, the tremendous resource developments planned and under way in Western Australia will provide numerous opportunities for expanding your industrial base. Given your human and financial limitations, we assume you will want to concentrate on those areas providing the greatest long-term benefit and we will encourage Canadian firms to explore technology transfers, joint ventures and other investment opportunities.

As many of you know, we in Canada are increasingly looking west to the Pacific economic basin and to Southeast Asia. Certainly, because of major resource and energy developments in Western Canada, we have experienced an impressive westward shift of population and economic activity. It seems to me that such a shift is taking place here as well which underscores again the similarities that exist between Canada and Australia.

**Canada and
Australia have
much in
common**

Your winter is certainly different than ours! Otherwise I can think of few countries that have so much in common as does Australia and Canada.

We have common parliamentary systems — both functioning within the Commonwealth. We are relatively new countries, short on history but with enviable futures. We are both huge countries with relatively small populations strung along a narrow ribbon — yours along the sea coast, ours along the U.S. border. Beyond our ribbons of population are great unpopulated hinterlands — yours hot most of the year, ours cold. Both are richly blessed with an abundance of natural resources, often located in very remote areas. We are both export-oriented — we have to be, given the resource base of our economies and the need to achieve economies of scale for our developing manufacturing industries.

We also have a great deal in common in other areas which have a relevance to our future trading relationships.

Neither of us is a member of any major economic bloc at a time when economic blocs are consolidating themselves around the world. Indeed Australia and Canada are the only two major industrialized countries without unhampered access to a market of at least 100 million people. This in itself would suggest the need for closer forms of consultation and co-operation.

It is obvious to me that despite our similarities, we both have taken each other too

much for granted. Our Commonwealth heritage must be more than just a preferential trade agreement. Important as that arrangement is, I'm convinced our greatest hope for co-operation lies in resource development.

We realize that you have considerable domestic capabilities for supplying many of your needs. But where imports are required, we want to be considered among the off-shore contenders — particularly for the great resource development projects.

My objective in coming here with this group of senior Canadian businessmen is to demonstrate to you that Canada does have the expertise and capability of competing with your other offshore suppliers for your import market.

Perhaps the greatest problem between us is the lack of awareness of each other's capabilities. I would hope that this mission will be a forerunner to many and that we will be seeing in Canada similar business missions from Australia. Only in this way can we fully explore opportunities of mutual satisfaction.

It is obviously our responsibility to make you aware of our competence. I say without any apologies that our businessmen can be competitive with any in the world. Add to that a 15 percent devalued Canadian dollar (compared to the U.S. dollar) and we are very confident that we can meet your needs. In the resource development sectors in particular, we are strong simply because we have been involved so deeply and, like you in Australia, we have developed the know-how in these very areas in our own country.

**Availability of
long-term
financing**

As an indication of our competence and competitiveness, I might cite some of the major activities (around the world) in which we have been involved and for which we have provided financing from our Export Development Corporation. EDC is the Canadian Government Crown Corporation which extends long-term financing for the purchase of Canadian goods and services and which finances approximately \$2 billion annually of Canadian exports.

Since the launching of Canada's long-term overseas loan facilities in 1961 we have financed:

- Some 40 projects in the power field with Canadian goods and services totalling over \$2.3 billion. Examples are thermal power projects in New Zealand, Venezuela and Colombia.

- In the oil and gas area we have been involved in 33 overseas projects with Canadian equipment and services totalling about \$1.1 billion. Most significant is a gas-gathering system in Algeria which will involve over \$400 million in Canadian product. Our oil and gas technology largely centred in Western Canada is second to none; in New Zealand a Western Canadian company in association with a New Zealand company was just awarded a \$130-million methanol plant.

- In the transportation field we have financed over 100 projects with \$1.2 billion of

Canadian involvement. One of our companies represented here has been involved in sales in over 90 countries.

— In mining and metallurgy Canada was involved in some 50 projects valued at \$673 million — for example a \$65-million involvement in an aluminum project in Ireland. We also supplied some \$30 million of mining equipment to your neighbour to the north, the Philippines.

— In communications and telecommunications we have experience in some 50 projects worth \$500 million. We just concluded a \$100-million contract with Korea in digital telecommunications equipment.

— For ports and material-handling equipment we supplied 14 projects totalling about \$70 million. One of our companies represented here has been successful in obtaining a \$17-million port job in Panama and has considerable expertise with bulk-handling equipment.

I regret to say that with very few exceptions such as large trucks for your mining industry, little of this great project activity has involved Australia. Thus, we would of course, like to spread our net wider. I sincerely feel that if Canada can compete so successfully in other world markets in the resource-development areas, and in manufacturing generally, then we should be able to give other offshore suppliers to the Australian market a good run for their money.

Joint ventures

One important area I would like to touch upon is the area of joint ventures between Canadian and Australian firms — not only for work in Australia and Canada, but for work in third countries such as the neighbours of Western Australia to the north. I feel that we should be embarking on a more active program in this direction.

You have developed an acceptance around the Pacific and in Southeast Asia; we have as well. The region is rich in project opportunity; we individually are successful in a few, but most go to our competitors. Perhaps, where it makes good business-sense, we might combine our forces.

What we need I feel, is the development of some form of an inventory of our capabilities so that we might call upon one another as opportunities arise. I have already asked my officials to determine where we might start and I hope to pursue this thought during my visit to Canberra later this week.

As a former businessman, I know that it is not necessary for me to remind you not to wait for governments to do the pioneering for your business. Our aim at the political level can only at best be to provide the framework — such as the double taxation agreement I hope to sign in a few days with your federal government. The real action must remain with the businessmen.

We have in our trading relationship come a long way together. We have one billion Canadian dollars of two-way trade flowing. Yet I feel we are only scratching the surface....



Statements and Speeches

No. 80/7

ASPECTS OF THE QUEBEC REFERENDUM

A Speech by Canada's Ambassador to France, His Excellency Gérard Pelletier, at a debate organized by the Groupe Sénatorial d'amitié France-Canada, Paris, May 7, 1980

May I say first of all that I am delighted by your interest in the political life of contemporary Canada and Quebec. It is a Quebecer who is speaking to you, and one who cannot help but measure the progress made in France-Canada and France-Quebec relations since his first stay in Paris at the end of the Second World War. I will merely note that if the events which bring us together here today had taken place back then, they would have passed completely unnoticed by France. Not only because the French had many other concerns at that time, but chiefly because of our mutual ignorance on both sides of the Atlantic. Now, thank God, thanks to air travel, telecommunications, closer interpersonal and intergovernmental relations, and primarily to your sympathy and renewed sense of cultural solidarity, we are moving closer, and astounding progress in this direction can be seen daily.

And so, the news of a referendum in Quebec does not leave you indifferent, and your friendly curiosity honours and heartens us. You are expecting me to make a presentation which attempts to measure the importance of this event to Quebec and to Canada, and which also reflects the attitude of the Canadian Government, as the recent presentation of my colleague Yves Michaud, Delegate General of Quebec, reflected the thought and approach of the Quebec Government. Of course my remarks will differ substantially from his. But I will try hard to leave any partisan spirit out of it. We do not want to broadcast our domestic quarrels here in Paris; our aim is to inform, as honestly as possible, our friends who wish to understand what is happening in a country that is not just an ally but a member of the family — or so it perceives itself.

To understand the situation, we must first and foremost avoid what I would call "catastrophism". The threats to Canadian unity and the cultural anguish felt by numerous Quebecers are very real facts, which I will not describe anew. The referendum in Quebec on sovereignty-association is a political event the importance of which I will certainly not try to underestimate. The democratically-elected government of a Canadian province, the largest in area and the second largest in population within our federation, is proposing to its citizens a constitutional formula which would lead to secession, combined with a common market and a monetary union. Clearly this is no small event.

However, with this said, the referendum cannot bring any concrete change in the immediate future. Even a resounding "yes" on May 20 would not bring about either the break-up of the Canadian Confederation or the emergence of an independent Quebec. Canada would still be there the morning of the 21st, and for a number of years afterward. Nor would a resounding "no" settle anything immediately, since it

would still be necessary to sit down at the negotiating table to correct certain shortcomings in the Canadian Constitution and adapt our institutions to new situations which arose in the middle of the century. As a former prime minister said: "a victory of the 'yes' vote would not mean the end of Canada; a victory of the 'no' would not mean the end of the problem".

And this is how the very people who are holding the referendum would have it. The question being put to the people of Quebec asks them to give their provincial government a mandate to negotiate with the rest of Canada, nothing more. The preamble to the question even stipulates that no change will be made to the current political institutions before a second referendum has been held on the nature of such future changes.

It is therefore clear that the referendum of May 20, is just one step in a long process of which the result, whatever it may be, will not be seen for a long time yet. For the implementation of its secessionist project, the current government of Quebec has chosen a strategy which could be termed "one step at a time".

It is interesting to examine the political factors behind this choice. The traditional proponents of sovereignty, throughout world history, have called for more haste, even precipitation. What, then, has inspired so much restraint and caution?

First, and entirely to their credit, is a clear concern for working democratically. They do not want to force on Quebecers a sovereignty the people do not want. On the other hand, and this is to the credit of their federalist adversaries, the secessionist proposal has never been laid under an interdict. It is perfectly legal in Canada to promote democratically the sovereignty-association set forth by the Parti Québécois, and the only weapons used by those who reject it are those of persuasion. Under these conditions, it is understandable that the Quebec secessionists have opted for a strategy that involves a number of gradual steps in the pursuit of their objective.

But this is not the only reason, nor even, perhaps, the most important. To be convinced of this, one has only to consult the opinion polls that are proliferating in Quebec on the eve of the referendum, as you can well imagine. With a few small differences, they all reveal the same trends. To cite only the most recent, Quebecers are apparently divided equally between the 'yes' and the 'no', with an undecided margin varying between 12 and 25 per cent. What can we conclude but that the secessionist proposal is far from bringing unanimity in Quebec, and that its promoters have always known this. At the beginning of the referendum campaign, the Premier of Quebec stated that a 'yes' vote of 40 per cent would be enough to give him the courage to continue the venture.

The ambition of this figure will appear very modest to those who do not know the Canadian situation very well. But when one looks closely at it, one can easily understand the modesty.

If the aim were to break the chains of a people in slavery, victims of a dictatorship, prey to an arbitrary and oppressive system, it would be hard to understand why its

liberators were not more impatient. And certainly, the rhetoric of certain Quebec nationalists could lead one to believe that this was exactly the situation. "Slow genocide", "colonialist spoliation", threats to the survival of French-speaking people and many other things have been mentioned. But this was all, as I have said, so much rhetoric. The Quebec government's White Paper, which started off the referendum campaign, and which is the official manifesto of the secessionists, deals swift justice on these lyrical exaggerations. Here is how the White Paper describes contemporary Quebec:

"We are a young and educated people. In less than a generation, we have completely transformed our educational system; among the least educated 20 years ago, we are now in the front ranks of the industrialized countries. Today, our colleges and universities produce graduates by the thousands.

"Our work force is competent and efficient. Various studies have shown that the Quebec worker is often prouder and more industrious than his North American colleagues.

"In science and technology, Quebec has made giant strides thanks to its laboratories and research centres, and many of our consulting engineering firms excel in their field; three of the top ten such firms in the entire world are Quebec enterprises!

"In the past few years, the dynamic progress of our regions and the birth of many new enterprises belies the old cliché about Quebecers' lack of entrepreneurship; increasingly, our firms have been joining forces so as to make a better contribution to the expansion of our economy.

"Quebecers are well known, too, for their inclination to save, and thanks to their savings, they now have a significant supply of capital; the extraordinary success of our credit and savings co-operatives, as well as our insurance companies, provides eloquent proof of that. The *caisses populaires Desjardins* (Desjardins credit unions) and the *caisses d'économie* (savings unions) have more than four million members, and assets of more than \$10 billion; in 12 years, the total assets of the *caisses d'entraide économique* (economic credit unions) went from \$1 million to more than \$1 billion. Moreover, by creating a universal pension plan we have been able to increase our collective savings considerably: the *caisse de dépôt et de placement* (deposit and investment fund) now ranks among the largest investment companies in Canada in terms of size and the variety of its holdings. As for Hydro-Quebec, its assets make it the biggest firm of any kind in Canada and one of the largest producers and distributors of electricity in North America.

"We are already a rich province. In 1978, our *per capita* gross domestic product ranked Quebec fourteenth among 150 countries in the world.*"

We Quebecers are therefore not the damned of the earth, even in the eyes of the harshest critics of the present system. Those critics may have denounced the "crimes" committed under federalism, pointed out certain very real cases of injustice of which we were the victims, but they have to admit that we are not emerging from a century

* Source: OECD, main economic indicators, April 1979. These comparisons are based on the national GDP/*per capita* in American dollars.

of confederal cohabitation with our Anglophone compatriots as an impoverished people — quite the contrary. The White Paper does stress that the situation we find ourselves in is not the result of “some political system”. It follows nonetheless from this description that Canadian federalism, despite its faults, has not prevented Quebecers from developing their culture and their economy. That is probably what is making half of them (perhaps more — we will know on May 21) hesitate over the venture being proposed to them.

They know from personal experience that the Canadian federal system is one of the most decentralized in the world and that Quebec enjoys a great deal of autonomy. The government of the province has exclusive powers in some very important areas: it is master in its own house in the area of education, is sole administrator of justice in its own territory, exploits its vast natural resources as it sees fit, has its own police force, is free to raise any kind of loan where it wishes and how it wishes in Canada or abroad without even notifying the Federal Government, legislates in the area of language, and has a great deal of authority, often the lion's share, in social security and urban development. With the exception of national defence and foreign affairs, there are hardly any areas from which it is excluded. As far as foreign affairs are concerned, it does have general delegations in several countries — France, for example — and is a member of the principal organization of *La Francophonie internationale*, the Agency for Cultural and Technical Co-operation, as a participating government.

It is therefore not, as people in other countries often tend to believe, an ostracized, powerless Francophone community, paralyzed in its development by an oppressive system and unitary institutions which deny it all right to be different, to use an expression in vogue with those who advocate sovereignty. Certain minorities in the Anglophone provinces are probably right in reproaching their provincial governments for not complying with their cultural aspirations. However, it is by virtue of the same exclusive powers which Quebec enjoys that some governments refuse their French-speaking communities certain rights.

It is obvious that there are serious reasons for discontent, since we are now facing a crisis situation. However, a very large number of Quebecers still believe that it would be easier to find the solutions to their problems under renewed federalism than it would be if the proposed secession were to occur.

They reject, for example, the discontinuance of the Federal Government, in which Quebec is very well represented. It is a well-known fact that Canada's Francophone community scored some important points during the past decade as it became aware of its political power. The federal authorities were the first, ahead even of Quebec itself, to pass language legislation to protect and spread the French language throughout Canada. I know that certain commentators in Canada and even in France are quick to say that the official languages policy initiated by Prime Minister Pierre Trudeau in 1969 has ended in failure. Many examples can probably be cited in support of that conclusion. The Canadian Government itself, far from hiding the problems, reports on any failures. It was aware from the beginning that its language policy would meet with a great deal of resistance because it constituted a real revolution for English-speaking Canadians and its application would take years to

ensure. It appointed an Official Languages Commissioner, a permanent, strict and uncompromising guardian, to report to Parliament on violations to the spirit and the letter of the legislation. Just last week, in the middle of the referendum campaign, the Commissioner publicly and harshly criticized in his annual report the obstinate way in which the application of the Act has been and still is being delayed, neglected and resisted, ten years after the legislation was passed.

Can one really say that the policy has failed? Before answering that question, one has to carefully define what the policy was designed to accomplish. An apparently undying myth, and I say undying because it is still being propagated by responsible journalists, has it that Mr. Trudeau dreamed of transforming 23 million Canadians into perfectly bilingual citizens. If that were really the case, his policy could only have ended in absolute failure. However, there was never any question of undertaking such a project. The objective of the Act and the policy is ambitious, admittedly, but it is also realistic. The goal is to ensure that every Canadian citizen is able to communicate with the central Government and receive services from that Government in the official language of his choice; to make possible the free use of French and English in the public service and all government agencies. In point of fact, the goal is to gain acceptance for the French language and give it equal status in the enormous state machine which had largely ostracized it for more than a century. It goes without saying that, after ten years, this goal has not yet been realized.

However, must we speak of failure and preach surrender when enormous progress has been made? The extension of French radio and television from the Atlantic to the Pacific does not constitute a failure. The simultaneous publishing in French and English of all legislation and of thousands of publications, reports and studies of various kinds is now a reality. The possibility for tens of thousands of Francophone public servants to work in their own language, where they once had to adopt English as their language of work is not an illusion. Nor is the promotion of thousands of Francophones to positions to which, until now, they had no access. A crushing failure? As the saying goes, "give a dog an ill name and hang him". If politics has taught me anything, it is that in that art, all success is relative.

These, then, are a few reasons why many Quebecers have serious doubts about the advisability of saying 'yes' to sovereignty-association. And these are not the only reasons. I must mention the one that impresses me personally more than all the others — the danger of breaking the Canadian union, in face of the attraction of such a powerful neighbour. Would a politically isolated Quebec have any chance of resisting eventual assimilation by the United States, even if it remained within the Canadian economic entity? I am not the only one to believe that the secession of Quebec would bring a breaking up of Canada, not into two but into three or four pieces each of which would sooner or later find itself in the American union. This is of course not the worst thing that could happen to a people. But in my opinion, our French-speaking community would lose every chance, not only of developing but of surviving culturally, in such an adventure.

However, let us return to the referendum. It is already well known, because they are not embarrassed to admit it, that many federalists who are opposed to any total or

partial secession, will still say 'yes' when they go to the polling booth on May 20. How are we to interpret this paradox? An eminent Quebec political scientist has just explained his position publicly. He does not believe in the secessionist proposal. He rejects sovereignty-association. But he wants a renewed federalism according to another formula. He is afraid that by voting 'no' he would be endorsing the *status quo*. He will therefore vote 'yes', but only in order to give the federal authorities and the English-speaking provinces a shock sufficient to set in motion serious negotiations toward a radical renewal of Canadian institutions. He will not be the only one. I know some labour militants, former colleagues from the time when I myself was a union worker, who will vote 'yes' even though they want to stay in Canada. "It's simple," one of them said to me. "Now that we're into the ultimate blackmail, we'll keep on rolling. Otherwise, we would lose all negotiating power. But you'll see. Everything will work out." Let me add that this worker voted for Mr. Trudeau in the last federal elections, as did 68.3 per cent of the Quebecers who voted that day. Neither his attitude nor that of the political scientist I mentioned earlier, obeys the strictest rules of Cartesian logic, and I have a thousand reservations about these positions. But they are a fact which must be taken into consideration.

If there were a victory of the 'yes' side, it would certainly not be devoid of meaning. It would even have a number of meanings, as can already be observed. And if the 'no' side won the day, it would represent a refusal of sovereignty-association but certainly not an endorsement of the *status quo*.

Doubtless either verdict, despite its ambiguity, will be in line with a movement that is either secessionist or federalist. But neither verdict will be conclusive.

One thing we can predict with certainty is that Canadian political life is in no danger of falling back into the lethargy that men and women of my generation complained about bitterly when we were 20.



Statements and Speeches

No. 80/8

THE URGENCY OF CONTROLLING ACID RAIN

A Speech by the Honourable John Roberts, Minister of Environment Canada, to the Air Pollution Control Association, Montreal, June 23, 1980

...I am pleased to address an audience where I do not have to dwell at great length on the fact that the issue of air pollution and air quality has changed very significantly over the past 15 years. We, and I mean both Canada and the United States, have tackled — and with measurable success, the most obvious forms of atmospheric pollution.

Back in the Sixties and Seventies, we rode out on our white charger like St. George and we slew the dragons. Today, many of us feel more like Don Quixote than St. George. We know that we are dealing with a far more subtle and insidious foe than we thought possible not too long ago.

In meeting the challenges of the Sixties and Seventies, it became apparent that as we solved the cases of gross, localized pollution, we had to address increasingly the underlying problem of resource use and management, of which pollution is often a symptom. We became aware of the persistent nature of certain chemical substances and their effect on health even at low levels of exposure — effects that are not immediately apparent.

My belief is that the Eighties — this decade — will be the time when we decide, as individuals and as nations, that it will be people and the environment and not people *versus* the environment in the future.

We can have both a healthy environment and a healthy economy. There is pessimism in some quarters, I know: people who suggest that industry doesn't care, science can't find the answers and, governments do not have the will to control air pollution when it means regulations that cut into the profitability of business. I don't believe that and neither do you, or you would not bother taking part in this important conference on the Air Pollution Control Association.

This is not to minimize the problems which lie before us. We have extremely serious problems to deal with — problems which will demand every ounce of our resolve and our intelligence.

Those problems are well known in this gathering but I am going to concentrate on the one which concerns me most deeply.

I am talking about the urgent need to control acid rain emissions from Canadian and American sources. Acidic precipitation is one of the most serious environmental issues facing our two nations today and on this issue I am going to take off the gloves and say some very blunt things, particularly since my audience is predominantly American.

Right now, as I speak in terms of thousands of Canadian lakes — and quite a few American ones — a process is taking place which, if we, Canada and the United States, do not respond to as we should, is an inevitable as tomorrow's sunrise. You know what it is. It is the lowering of pH, the increasing of acidity. The process is simple. We know the rain is ten to 40 times as acid as it should be. We know these lakes, because of their geological setting, are poorly buffered, that it is only a matter of time — and for many not much time — until they take on the acidity of the rain. We also know that they don't have to get that acidic — only a pH of 5 — to lose their ability to sustain normal aquatic life, including fish, and thereby a major tourist and sport and commercial fishing industry. Already in Ontario alone — where the sensitive regions are much less extensive than in Quebec, or proportionately, our Atlantic provinces — there are 140 lakes which prove the truth of what I am saying. Atlantic salmon streams are also affected. I could take you today to many dead lakes — dead because of what man, not nature, has done. In the United States the number of already dead lakes is greater and in both countries the list is growing.

Many of these lakes contain increasing amounts of toxic heavy metals. Indeed I am told that these metals are what kills the fish in many instances. Those metals are there because the increased acidity in the rain immobilizes them — leaches them out of the soil and into the water. People talk about liming the lakes to restore the pH balance or prevent acidification. In some places in particular circumstances this may well be useful as a temporary expedient. But will it restore the lake to its original chemistry? Our experiments so far suggest not, and restocking of fish in some limed lakes has not worked. That sounds to me like irreversible damage, a terrible heritage for our children.

What of the soil drenched in acid rain or affected by dry deposition which some feel may be more damaging? Their chemistry is changing as surely as I am standing here looking at you. The only real arguments remaining among the scientific community are about the effects of these changes and most of these disputes are over the degree and speed of adverse effect on vegetation growth. Vegetation growth — it's such a neutral sounding expression. In Canada it means forests which sustain our largest single industry. That industry already faces the challenge of the newly expanding commercial forests of the southern United States. Are we to face as well the man-made further disadvantage of acid rain?

In Europe, the Organization for Economic Co-operation and Development (OECD) expressed the view in a recent report that the worst effects of acid rain were not likely to be on lakes and forests but on building surfaces and human health. We know less about both of these than we do about lakes but I scarcely find the OECD's comments comforting. The deterioration of building surfaces would be gradual rather than sudden and therefore not necessarily noticeable, much less dramatic, except perhaps for valuable statuary. Yet I am told that if some of the early studies are valid the hidden cost to the Canadian and United States' economies of more frequent building repairs could be enormous.

What should I say about human health? My colleague, Monique Bégin, the Minister of National Health and Welfare, is concerned enough and has begun a major expensive

program of study into the possible health effects of acid rain. A British report on the health hazards of lead recently concluded that the major focus of concern over this problem should be on the lead being absorbed from lead pipes by the acidic waters of Scotland. Why are these waters acidic? At least in part because of acid rain falling on poorly buffered streams and lakes. The Scots are suffering because of their famous soft water, very much like that of the Canadian Shield. In Canada most of our major population centres draw their water from harder, better buffered sources, but what of New York City? What is the history of pH levels in its reservoirs? I am not suggesting a problem equivalent to that of Scotland if for no other reason than the much rarer use of lead piping. However, one could wonder what other metals may be picked up and what implications they may have.

Yet having referred to heavy metals, I must say that the principal concerns over health effects cited by most authorities are in another area entirely — the inhalation of fine particulates. Here the concern relates primarily to effects on people with respiratory ailments. More research is needed, the arguments continue but so does acid rain.

We know for a fact that the increased acidity in the rain — and in dry particulate deposition — is caused by sulphates and nitrates in about 70 per cent to 30 per cent proportions, the precursors of which are sulphur dioxide and oxides of nitrogen. There are arguments about the precise behaviour of NO_x in the atmosphere but much less about SO_2 . We know that high stacks designed to reduce local pollution not only send the SO_2 and NO_x further afield but, in the case of the former, provide more time for it to be changed into the acid-causing sulphates. And we know where the pollutants are coming from in both countries. Atmospheric modelling is a relatively new science and the arguments go on about the accuracy of this or that specific calculation of the movement and transformation of pollutants. But from where I sit the arguments are mostly over points of detail — precise amounts of fall-out in a given place from a given source. No knowledgeable person questions the basic fact that these pollutants are going up, moving considerable distances and coming down in an acid-causing form. Also we know that at least half of the acid rain falling in Canada has its origin in the United States.

The solution is therefore very straightforward. We must reduce drastically the amount of acid-causing pollution that is being emitted in both our countries. I am told that it is technically possible to effect such reductions. The only stumbling block is cost. How much and to whom?

In Canada, we are examining that question urgently — not from the perspective of wondering whether we should take action but with the intention of selecting the best means of doing the job. The provincial government has already begun in Ontario by putting a lid on the International Nickel Company's SO_2 emissions at a level of 1,100 tons a day below current allowable emissions and mandating a further 25 percent reduction in two years. We're not stopping there! Through a joint Canada-Ontario structure we will be developing much tighter emission requirements to be implemented later in this decade. We are also going after other major polluters both smelters and power plants. In a word we've started to move. I might add that our

newest smelter at Timmins, Ontario, now under construction, will have 97 per cent SO₂ removal.

By contrast, the United States is not only predicting significant increases in SO₂ and enormous increases in NO_x but is pursuing deliberate action to make sure it happens. I realize that my American colleague, Doug Costle, deplores this situation as much as I but he needs the support of the American people if he is to secure the authority needed to reverse this situation. We are so concerned about the seeming lack of awareness of the average American about acid rain that we are seriously considering handing leaflets on the problem to every tourist who enters our country from the United States. We have not yet chosen an appropriate theme. Perhaps it should be "come see our fish and forests before they fade to a memory".

Canada and the United States have committed themselves to developing an air-quality agreement designed to deal with this problem. I sense that it will be some time before any agreement with real bite can be signed, mainly because the legislative authorities needed in the United States to bring about rapid and major reductions in SO₂ and NO_x emissions appear to be lacking.

For that reason we are also pressing for an interim understanding which would oblige both the United States and Canada to use existing authorities to the full limit in an effort to bring about some improvement in emission-reduction while an agreement is being prepared.

Critics of early control action within Canada argue that there is no point in imposing expensive control requirements because the growth in U.S. emissions will simply occupy the space we are thereby vacating. That argument fails to recognize the geographic location of some of our major emitters and the relief which reductions obtained from them can offer some of our most sensitive areas. Nonetheless, there is enough truth in the argument for me to place equal importance on securing major reductions in U.S. emissions. Stated very bluntly, I see no reason why Canada's ecosystems — let me be blunter yet, Canada's people, tourist camp operators, fishing guides, commercial fishermen, loggers, other forest product workers, building owners and tenants and possibly our asthmatics or others with respiratory illnesses — should have to pay the price of keeping the electricity rates of those coal-producing middle-western states well below those now being paid along the United States eastern seaboard.

Some Canadians among us have spoken darkly about "environmental aggression". I reject that phrase because it suggests a deliberate act designed to hurt another. There is no malice in the acid rain from the United States, nor I assure you in the much smaller amount of acid rain we send back. What we are experiencing is the result of a genuine lack of understanding of the consequences of what seemed like a reasonable cost-effective control mechanism — high stacks and dispersion. What we failed to do was to build into our equations the hidden cost, the damages being done to distant interests. We today understand the inappropriateness of such control mechanisms and I commend the United States for its control at source requirements in its new source performance standards for SO₂ emissions from thermal power plants. I would like to

see these extended to NO_x , especially in view of the projections for emissions of that pollutant. However, the real challenge is to apply the same concept to existing sources. I am confident that when the American people understand what they are doing to their neighbours and to themselves, they will respond to the challenge with the same determination they brought to bear ten years ago near the beginning of what some call the environmental era. There is still time to save some lakes and to reduce some of the other effects of acid rain to which I have referred. But there is not much time. We should have started years ago.

I urge you, the professionals in the air-pollution field, to carry this message back home. We in Canada have started in earnest the great task of controlling acid rain. We invite the United States to do the same.



Statements and Speeches

No. 80/9

SUGGESTIONS FOR FUTURE DIRECTIONS OF THE ILO

An Address by the Minister of Labour, the Honourable Gerald Regan, to the Plenary Meeting of the Sixty-Sixth Session of the International Labour Conference, Geneva, June 13, 1980

I join with others in welcoming Grenada, Vietnam, St. Lucia, Lesotho and Zimbabwe as new members of this organization. Universality of membership has always been the ultimate goal of the International Labour Organization (ILO) and these new additions are further steps in that direction. My delegation hopes that China will soon find it possible to play within this organization the active role that it has increasingly been assuming in other United Nations organizations.

We are particularly pleased with the return of the United States of America to the ILO. My Government shared many of the concerns which led the United States to withdraw in 1975. Like others also, we are encouraged by certain changes since then in the atmosphere of the conference. We are appreciative of the efforts of governments, employers and workers to alleviate such concerns.

But in the view of my Government, there is no room for complacency. All of us who are dedicated to the future of this organization must remain vigilant in ensuring that the situation which we so greatly deplored in 1975 does not recur — and it is for this reason that I want to begin my remarks with some general observations.

First, I stress again that the Canadian Government has always made clear before the organizations of all UN Specialized Agencies that it does not accept the insertion of political considerations into their deliberations and decisions where such considerations are not in conformity with the constitution and due process provisions of such bodies. The reasoning behind this position is straightforward. If the UN system is to be responsive to expectations of member states, it must be functional and efficient. Each component of the system must adhere strictly to its mandate and must respect the division of labour on which the system is predicated. To act otherwise can only result in dissatisfaction on the part of member states and of the world community with a system on which so many hopes and expectations are founded.

This organization has its hands full in coping with the labour situations facing our societies today. Its limited resources cannot and must not be diverted to non-productive debates when there is so much to be done in bringing labour conditions to desirable levels throughout the world, as we attempt to cope with the challenges of the 1980s.

Second, we must be primarily concerned at this conference with the determination of the organization's future program priorities. We are at a moment in time when all governments are faced with severe economic constraints. It is incumbent upon us,

therefore, to ensure that that restraint is applied to and by international organizations of which we are members. We must resist the temptation to embark on overly-ambitious and costly new programs without correspondingly reducing or eliminating earlier ones. In particular, we must resist the temptation to utilize the resumption of contributions by the United States to the ILO as a justification in itself for program expansion.

I want now to turn to Canada's relations with the ILO and the ILO's relations with Canada. Our federal and provincial governments as well as workers and employers continue to be strong supporters of the organization and its programs. The organization has at its disposition expertise of a high calibre. The Director-General and his associates have demonstrated leadership of a high order. I like to believe, and I think it is widely acknowledged, that a number of Canadians have made substantial contributions to the work of the organization: Joe Morris, as president of the workers group, and Kalmen Kaplansky, formerly of the workers group and now director of the Canadian ILO office, as well as Keith Richan, as president of the International organization of employers; and John Mainwaring, a Government representative of whom a number of you spoke so warmly in the governing body a few days ago.

The declaration of Philadelphia states that the application of the programs and principles of the ILO must be undertaken with due regard by each people.

What this means for Canada is not easily stated; we are a huge country in area, but not a major power. We may be a wealthy industrial power by the usual standards of this organization (which was again recently acknowledged), but we have people who are poor by our own standards. When the ILO works on behalf of those who are disabled, it works on behalf of Canadians. When it expresses concern with respect to the unevenness of development, it addresses a Canadian reality. When it interests itself in undesirable practices of multinational enterprises, it touches upon an issue of concern to Canadians. When it emphasizes the need for training, it focuses on a problem of contemporary significance for Canadians too.

Canada's economy, like that of a great number of member states, is vulnerable to cyclical swings in demand for raw materials and semi-finished products. Inflation has had its impact. Unemployment in some regions is at an unacceptably high level.

There are some paradoxes in this. The number of people employed is at historically high levels, as is the number of women in the work force. But jobs in Canada go unfilled because a significant number of the unemployed members of our work force are not appropriately trained to fill these jobs.

The ILO medium-term plan and the Director-General's report give significant emphasis to training. I do not challenge the concern shown. But I wonder whether centralized co-ordination or direction is the answer to this problem. Surely efforts must be made in, and by, each country to train its work force bearing in mind its development circumstances and the nature of its institutions. Surely employers and trade unions should take a substantial lead in devising, with government assistance

where necessary, appropriate schemes within particular branches of industry in a country as decentralized as Canada. Governments cannot substitute for employers and unions, who know or should know first hand what the needs for training are. Government can serve those needs, they may help identify them and they may appropriately help underwrite specific costs of meeting them. Thus, my own Government announced earlier this week a number of important new training programs aimed particularly at women workers, native peoples and others for whom a broad approach is appropriate because of the general nature of the disadvantages such groups experience in our labour market. But governments cannot determine which individual enterprises need a specific number of people with identified skills, in the next months or years — only employers and unions can do so.

A number of Canadian companies are devoting a significant amount of their resources to a fusion of long-range corporate planning and human resource needs. I am pleased to note that Canadian employers as a group and the Canadian Labour Congress have also taken a joint initiative in this area.

Based on such reasoning, and while broadly in agreement with the analysis on which the medium-term plan is based, I wonder if it would not be better to have the plan reviewed initially by a working party which would reach agreement on priorities for the ILO and member countries in the field of training. Canada will be ready to give recognition to the fact that while the problem of training may be common to all of us, solutions need to be found which are appropriate to our individual circumstances.

Let me turn to what perhaps is, or should be, the other major aspect of the work of the ILO at this time. No one doubts the continuing need for new conventions and recommendations. But there is also reason to increase emphasis upon the need for broader implementation of the many important standards the conference has already enacted. If the ILO is to serve as the conscience of the labour world, there are important things the conference could do. Over the years, the ILO has adopted standards which cover the many basic problems confronting working men and women.

The conference, as the voice of authority of trade unionists, employer representatives and government ministers of labour, has declared itself on the need to establish and protect labour rights and freedoms — freedom of association, the right to collective bargaining, equality of opportunity for men and women workers and for workers of all races, the need to abolish child labour, the need to establish safe and healthy working conditions, the need for employment at decent rates of pay, and other like issues.

Is it enough for the ILO conference to devote most of its time to adopting more and more standards year after year? Or, should it do more to promote the implementation of standards adopted in the past, to make a living reality of these vitally important conference decisions? I note that only one committee of this conference is mandated to deal with this question, while four committees are at work drafting new legal texts. A ratio of one conference committee on implementation of ILO standards to four committees on new instruments made sense years ago, when the conference had not

yet adopted an extensive set of conventions and recommendations and when the membership of the ILO was still relatively small. Today, I suggest the balance of the conference in this respect needs to be re-examined.

It is true that the ILO has a committee on application, but it has more work than it can handle. It can but scratch the surface of the problem of implementation. The Canadian Government suggested to the ILO governing body, earlier this year, a possible way of improving the situation, namely that the conference agenda should periodically include an examination of important ILO conventions or groups of conventions. This would not supersede but supplement the work of the committee on application. The purpose would be to analyze the world situation with respect to the objectives of these conventions, to determine their degree of implementation, to examine the obstacles to be overcome if these objectives are to be realized, and to propose activities the ILO might undertake to bring about their more efficient implementation. I trust the governing body will give favourable consideration to this proposal which I firmly believe would strengthen the usefulness of the ILO and improve conditions of labour in the broadest sense of the term.

If those who participate in the work of the ILO wish to achieve justice for workers, more than annual rhetoric is required. We may look progressive politically if each year we adopt new and broader standards as declarations of principle.

If, however, we are genuinely interested in improving working conditions, then we must recognize that there are vast areas of this planet where not even the most basic standards and rights proclaimed by the ILO years ago are being implemented.

Yesterday, the London *Financial Times* outlined the continuing refusal of the South African Government to provide either equal or integrated training facilities for black workers and it is evident that many black workers there may not be receiving wages above the poverty line.

There are any number of other examples of governments that are violating the most basic rights of workers. For these reasons, I believe more of our work should be directed at achieving world-wide compliance with the principles we have already adopted rather than too much preoccupation with highly publicized declaration of new standards.

I hope too that the Director-General will give serious early consideration to a proposal made to the conference earlier this week by the Government representative of the United States. He urged that a study be undertaken with respect to minimum international labour standards and an analysis was proposed which would determine what role the ILO should play in any future system of minimum standards. There is no need to elaborate further at this stage but Canada not only supports this proposal but also will be ready to co-operate fully with the Director-General in the carrying out of this important and potentially very significant review.

We live in times of which it has been said that change is the only constant factor. That

state of constant change brings to organizations like the ILO new challenges.

While paying increasing attention to implementation of established minimum standards we must also be cognizant of developing problems and emerging options whenever they occur throughout the world.

The whole field of part-time work is one such development which will require attention in many countries, particularly developed ones like Canada. In such countries, the declining size of the labour force, lack of skilled workers and an aging population dictate increasing utilization of workers who are only able to devote a portion of the normal work period to their employer. Research indicates that part-time workers are a disadvantaged class of workers in terms of salaries, benefits and security. The barriers to unionization of the part-time worker need to be considered. The option of the elderly phasing their retirement appears a likely prospect. The need for retraining and the ever-increasing role of married women in the work-place involve aspects of the problems of part-time workers. This is one subject which will require increasing attention in the coming years if the focus of the ILO is to be truly universal.

When all is said and done the ILO must concentrate on its basic historic task. In my mind, the task is the fulfilment of the intrinsic worth and value of all workers so that they may work in dignity, cushioned from the precariousness of their situation; as Pope John Paul II said last weekend during his visit to France — so that their families may know the security that derives from just working conditions — and so that they will not be troubled by continuing anxiety over their old age. While the light lasts, let each worker find his path of peace and security. Thus will be secured the true peace and security of the world — as was so earnestly hoped when the ILO was founded.



3 Information Day

Statements and Speeches

No. 80/10

PLEA FOR TRUE SOLUTION TO THE CRISIS IN KAMPUCHEA

A Statement by Louis Duclos, Parliamentary Secretary to the Secretary of State for External Affairs, to the United Nations Conference on Kampuchean Relief, Geneva, May 27, 1980

The tragic situation of the people of Kampuchea, a situation of death, famine, suffering and dispersal of family, has led the international community once again to consider how it must unite its efforts to relieve the disastrous conditions which continue to ravage this area of the world. Ten years of war, revolution, foreign invasion and occupation have changed a once prosperous country into a land where most essential economic and social structures have broken down completely, where the very existence of an entire people is threatened and where food shortages bordering on famine and the almost complete lack of consumer goods have become everyday reality.

This tragedy and suffering have deeply affected the Canadian people and it is with the massive support of its population that the Canadian Government has been working for almost two years to contribute what it can to the relief operation organized by the international community. Our response has taken a number of forms. Canada has contributed \$15 million directly to the programs of the chief international organization engaged in Kampuchea relief. It has also made indirect contributions through significant support of the assistance and rehabilitation projects undertaken by Canadian non-governmental organizations such as the Canadian Red Cross, the Mennonite Central Committee, the Canadian Catholic Organization for Development and Peace, the Canadian University Services Overseas, World Vision of Canada and a number of other non-governmental organizations.

However, throughout its history, Canada has maintained a policy of welcome for displaced persons and refugees. On the strength of tradition, we opened our doors to the Indochinese refugees. The program set up accordingly was indisputably the most ambitious in our history. Before the end of this year, 60,000 Indochinese refugees will have resettled in Canada; taking into account the size of our population this places us first among the host countries. It is evident that this venture was made possible not only through the direct political and financial intervention of the Federal Government, but also, and to a significant degree, through the generous response of groups and individuals, religious and charitable organizations and provincial and municipal governments. In any case, this unprecedented effort represents a costly financial commitment. When, before the end of this year, Canada has received the 60,000 Indochinese refugees it has undertaken to receive, some \$125 million will have been disbursed for this purpose alone by the Canadian Federal Government. Several millions of dollars more will have been spent by the provincial and municipal governments and by the private sector.

This is the third time we have met to seek together the best means for assisting the

population of Southeast Asia. Thanks to the efforts put forth, in particular by a number of the neighbouring countries, the worst has not happened. In this regard, allow me to pay special tribute to the Government of Thailand which, through its policy of welcome, is continuing to give other countries of the world an admirable example of human solidarity. Our gratitude and admiration also go out to the United Nations agencies and to the International Committee of the Red Cross for the incomparable work they are carrying out. With that said, we are all aware that there is a great deal to be done. How could we ignore the desperate plight of millions of Kampucheans — those still in Kampuchea — as well as those who have fled to Thailand or to the temporary encampments along the border?

We have never underestimated the complexities and difficulties of the relief operation to be undertaken. Despite the efforts of all participants, blockages in the distribution system and deliberate diversions of foodstuffs are still being reported. While substantial improvements have been made, as reported by the Interagency Working Group, nonetheless numerous components of the distribution system will have to be reinforced and developed if we wish to reach the objectives set out for the rest of the year. We were encouraged to note that the new harbour facilities have been made available to the agencies, that more trucks, barges and tugs have been brought into operation and that vehicle maintenance programs have been set up. We are also glad that the Phnom Penh authorities have authorized an increase in the number of relief personnel in Kampuchea.

However, all the efforts, both multilateral and bilateral, will have to be increased considerably if the approximately 35,000 metric tons of food required each month are to reach their destination. When we realize that only 69,000 tons have reached Kampuchea since last autumn, it is easy to see the enormity of the task remaining to be carried out.

We are pleased that the excellent report by Sir Robert Jackson, as well as the statements of numerous delegates who have preceded me, have provided a whole range of practical suggestions for getting closer to our objective, if all parties are willing to lend their co-operation. We therefore give our fullest support to the many suggestions made for improving the supply lines to the Kampuchean people, whether by land, sea or air, so that international relief will finally reach the most deprived civilians, in particular in those provinces where the needs are most urgent. It is only through such a gradual re-establishment of the conditions of normal existence that hundreds of thousands of Kampucheans, currently in exile, will return voluntarily to their homeland — the only viable long-term solution.

It is sad to see that around the world there are numerous situations where hundreds of thousands of people have been forced to abandon their homes and seek asylum in neighbouring countries. The case of Kampuchea is not unique but its scope is such that it merits special attention. Seldom has the world seen a nation's very existence threatened in such a way. Certainly, we must meet the most pressing humanitarian needs immediately. But we cannot and must not postpone indefinitely a study of the fundamental causes of this unprecedented disaster, that is, the blatant attacks of the rights of people and the systematic denial of the most basic human rights. Above and

beyond humanitarian relief, we must address the problems which have caused the current instability. The vast majority of United Nations member states supported a resolution of the General Assembly identifying the principles which alone can lead to a true solution to the Kampuchean crisis, in particular the absolute necessity of a complete withdrawal of foreign armed forces. Essentially, the solution can only be found in earnest negotiations among all the parties concerned. We must therefore appeal to all parties to assume their responsibilities and to acknowledge without delay that it is in their own best interests to arrive at a consensus which will ensure peace and prosperity, in full respect of human rights, to the entire region. Only along these lines will there be a promise of better days ahead for all Kampucheans.



Statements and Speeches

No. 80/11

CURRENT ISSUES IN CANADIAN FOREIGN POLICY

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, June 10, 1980.

The opening of the 1980s has been marked by serious new political and economic strains in the world community. While there have been favourable developments, such as the peaceful achievement of independence by Zimbabwe, the climate has deteriorated in a number of key areas. The most disturbing has been the Soviet Union's invasion of Afghanistan, which violates all norms of acceptable international behaviour. It was rightly condemned by the overwhelming majority of the world's states. The dangers of this action are the greater in that it took place next to Iran, where revolution continues to consume the country, and next to a region where the Western world has a vital strategic interest in oil. The continuing illegal detention of the American hostages in Iran represents a serious challenge to the civilized conduct of relations between states, and preoccupies a superpower already facing serious challenges elsewhere. Further west in this troubled region, the May 26 target date for an Israeli-Egyptian accord on interim autonomy arrangements for the West Bank has passed without agreement and has cast doubts over the Camp David process. In Indochina, Vietnam maintains 200,000 troops in the conquered countries of Cambodia and Laos. Cambodia is suffering the most terrible starvation and persecution.

The doubling of oil prices last year is having a major disruptive effect on a world economy which was already shaken by inflation, recession and serious problems between North and South. The impact of these new high prices will be hardest on the poor countries of the Third World. The leaders of the seven largest market economies will be discussing key economic issues at their Summit in Venice later this month. New global negotiations on the world economy will be launched at the United Nations this fall. All partners recognize the urgency, as well as the great difficulty, of these issues.

Canada has been very active both in relation to major issues affecting the world community and in pursuing its bilateral relations. In the last three months we have been pleased to receive visits from the Prime Minister of Japan and the President of Mexico. I have already visited Latin America, Europe and Africa, where I was particularly honoured to represent Canada at the independence ceremonies for Zimbabwe. I have attended meetings of the Agency for Cultural and Technical Co-operation, of the North Atlantic Treaty Organization, and of the Organization for Economic Co-operation and Development.

In the present difficult climate, I believe that Canada must affirm what is constant in its foreign policy. We need not pretend that just because the world is evolving, we must review every aspect of our foreign policy. The very essence of an effective foreign policy is its long-term coherence. It is this that makes us a dependable partner and that underlies good relations. Our foreign policy arises from a number of constant

factors. To name the more obvious: the character of a country composed of two major language groups and many cultures; our membership in the Commonwealth and la Francophonie; the federal structure of our state; the size and nature of our trade as well as our continuing need to seek out new markets; our proximity to the United States and our deep links, as a country of immigrants, with Europe; our location on three oceans; our commitment to freedom and our hostility to aggression; and, finally, our pragmatic idealism, which seeks a better world order for justice and security. These factors are recognized in the world community. They make the basic pattern of our relations remarkably stable.

Of course new issues arise and old problems fester so that we must reappraise this or that aspect of how we pursue our goals. The Soviet invasion of Afghanistan has required a significant change in our relations with the U.S.S.R., as well as renewed attention to the views and co-operation of our allies. But here, as so often, the broad character of the change was natural and quite predictable. I think there is a danger of too great a dispersal of our effort if we try to review all aspects of our foreign policy, just as there is a danger of raising false questions or doubts in the minds of other countries. For these reasons, I urge the committee to select specific, important issues for review.

I am particularly anxious to see progress on North-South questions and I was very pleased with the establishment of a Parliamentary task force on North-South issues. These problems require imagination and they will call for difficult decisions on the part of the industrialized countries. There is a crying need for more public attention to these issues, particularly because public understanding will be absolutely essential if we are to be able to respond as we should. I believe Parliament has a key role in promoting such understanding. At the same time, there are individuals and groups throughout our country who, through their experience or study, have formed valuable insights into the problems of North-South relations. We would be well served by an inquiry which drew upon this resource.

I shall turn now to review some key current issues in greater detail.

Fisheries

There are always a number of significant issues in our bilateral relations with other countries, but today I wish to mention only one which is of considerable concern to me and to the Government. Over a year ago, in March 1979, Canada and the U.S.A. signed two agreements providing for a co-operative régime for the management of fisheries on the East Coast and for adjudication of the disputed maritime boundary in the Gulf of Maine. Since then we have made repeated representations to the U.S. Government concerning the importance of the treaties and the urgency of ratification. Notwithstanding the U.S. Administration's reaffirmation of its commitment to the treaties, there were inexplicable delays in presenting the treaties to the Senate and there has been little progress since.

There was a preliminary hearing arranged by the U.S. Senate Foreign Relations Committee a few weeks ago. The results were most disappointing from our point of view. A series of amendments were suggested by Senator Kennedy and supported by many other senators from the New England area. These amendments are of a drastic, far-

reaching nature. They would destroy the balance of the agreements which resulted from long and arduous negotiations in which both sides made significant concessions. The amendments are wholly unacceptable to the Canadian fishing industry, to the provinces concerned and to the Federal Government.

We have conveyed to the U.S. Government at every level and on every possible occasion our concern that in the absence of co-operative arrangements for fisheries management there is a serious risk of confrontation between our respective fishermen on the East Coast. On April 23 the House reflecting this concern, unanimously adopted a motion urging the U.S. Senate to take early and favourable action for ratification of these treaties. In the year since the treaties were signed, we have witnessed a significant escalation of fishing effort in the Gulf of Maine by U.S. fishermen in a manner inconsistent with the purposes and objectives of the fisheries treaty and to the detriment of Canadian fishermen. If U.S. fishermen in the area continue or expand their current over-fishing we will have to take appropriate steps to protect our competitive position.

Beyond the important fisheries and resource issues at stake with the treaties, there is a broader question which arises from this impasse, with possible implications for other areas of Canada/U.S. relations. We understand and respect the internal processes of the U.S. governmental system. The problem of delays in ratification does, however, raise questions as to how Canada and the U.S. can best arrive at negotiated settlements to our problems. If, in future negotiations, Canada were to withhold concessions — in the expectation that we would face further negotiations when an agreement reaches the Senate — we might not be able to go beyond the first stage and reach a signed agreement. And if we did manage to reach a signed agreement, must we anticipate yet another round of negotiations with further demands for concessions from the U.S. Senate along with indefinite delays?

I am reviewing actively with the Minister of Fisheries and Oceans what steps might be taken to protect Canadian fishing interests in this situation.

Afghanistan

The global security environment was deteriorating for some time before the Soviet invasion of Afghanistan. This was true in the confrontation of forces between NATO and the Warsaw Pact, while the U.S.S.R.'s continuing, rapid build-up of practically all types of weapons had forced the NATO governments to respond in 1978 with the long-term defence program, and last year with the plan for theatre nuclear force modernization. It was true, as well, outside the NATO defence area where Cuban and Vietnamese troops, heavily supported by the Soviet Union, were engaged in active combat in Africa and Southeast Asia.

In this context, the Soviet invasion of Afghanistan caused a particularly grave worsening of stability and understanding. For the first time since the Second World War, the Soviet Union used its troops to invade a country outside what is now the Warsaw Pact. In this sense, the Soviet action poses even a greater threat to world stability than did its earlier use of arms to suppress Hungary and Czechoslovakia. What is more, the Soviet presence in Afghanistan turns a former buffer state into a potential source of pressure or operations in Southwest Asia, and thus risks upsetting

a key regional balance. In so doing, it has a significant effect on global strategic stability, not least because of the West's vital interests in oil. The use of force by the Soviet Union to achieve such ends is not acceptable.

There should be no doubt of the unanimity of this view amongst Western governments. I know that not all governments have responded in the same way. This has been for a variety of reasons. But there is absolute agreement that the Soviet action is inadmissible. We are all seeking the withdrawal of Soviet forces from Afghanistan and we are all committed to letting the Soviet Union know that we would not tolerate similar action elsewhere.

I believe the Soviet Union understands the strength and unanimity of our feelings. In that sense, I think we can make too much of the differences in the responses by our governments. But I admit that Western governments have sometimes given an impression of a certain disarray. In part, this has been because of the inadequate consultation; in part, because of genuine differences of view on how best to proceed. We should realize that Afghanistan is outside the NATO defence perimeter, and thus outside the area in which the allies have traditionally focused their collective defence effort. It is not surprising, therefore, that there have been certain difficulties in consultation and co-ordination. We are seeking a means to respond to a new type of challenge. Viewed this way, I think the allies, Japan and Australia have done well to convey their position as clearly as they have, and to respond in concrete terms both in their relations with the Soviet Union and in trying to restore balance to Southwest Asia. One of the long-term consequences of the Soviet action in Afghanistan will be that it has required the allies to look outside their traditional defence perimeter and to consider the nature of their shared interests and the possibilities for co-ordinated action.

The Soviet invasion is clearly of very direct concern to the countries of Southwest Asia and the Gulf. Most of these countries are anxious to maintain their distance from superpower rivalry. Canada respects this. There are tensions or conflicts within the region, for example between Iran and Iraq or between India and Pakistan, which make it difficult for these states to unite to meet an external threat. Even so, there are various signs that the invasion of Afghanistan is leading them to think more about how they may co-operate in protecting their security.

Canada has been firm in its response to the Soviet Union. We have suspended scientific and cultural exchanges and high level visits. We have supported the U.S. grain embargo in this crop year. We have tightened trade in strategically sensitive high technology. In the Speech from the Throne, the Government confirmed its determination to increase the ability of the NATO alliance to provide security for its members and to advance the cause of peace. The Government has indicated its decision to proceed with the purchase of a new fighter aircraft. More recently, we have announced our call for a Canadian boycott of the Olympics.

Some 60 governments from all parts of the world have committed themselves to the boycott. The boycott is having an obvious effect on the Soviet Union which is making great efforts to undermine it. There can be no doubt that the boycott will be very

visible at the Olympics and damaging to the Soviet Government's prestige, and that the message will reach the Soviet people. Of course, we regret that several West European teams will be attending. In at least four cases — the U.K., Portugal, Italy and the Netherlands — this will be in defiance of the wishes of their governments. Of those teams which do go, some will not be represented for certain sports and many will refuse to accept national flags and anthems.

Détente and arms control

The Soviet invasion of Afghanistan has undermined the efforts of Western governments and East European governments to develop a more open and stable relationship and to control the character of their competition. In other words, the Soviet Union's aggressive use of force in Afghanistan has clearly damaged *détente*. The review meeting of the Conference for Security and Co-operation in Europe, scheduled for Madrid this November, risks being confrontational and unproductive unless the Soviet Union seeks to improve the international climate. Canada will go to this meeting and it will try to ensure that discussion focuses on reviewing compliance with the Helsinki Final Act and making progress at least on those questions, such as military confidence-measures, where there is a clear mutual interest.

Canada believes that attempts at arms control or disarmament should be continued despite present tensions. We hope that the United States will soon be able to ratify Strategic Arms Limitation Talks II. We regret the Warsaw Pact's refusal to date to accept NATO's offer to negotiate on long-range theatre nuclear forces. Canada continues to participate in a number of multilateral forums discussing arms control, including the Mutual and Balanced Force Reduction Talks (MBFR), the UN Disarmament Commission, the Non-Proliferation Treaty Review Conference (NPTRC), and the review conference of the Bacteriological (Biological) Weapons Convention. The Government showed its commitment in this area by announcing in the Speech from the Throne our intention to name an Ambassador-at-large for Disarmament. I hope to announce the appointment to this important position very soon.

Iran

Canada deplores the detention, since November 4, 1979, of 53 members of the United States embassy staff in Teheran. All Canadians were pleased that our officials were able to aid six of the U.S. embassy personnel to leave Iran safely. Since that time, Canada has maintained no diplomatic staff in Iran. On April 22, the Government announced a number of measures against Iran similar to measures taken by EEC countries, Australia and Japan. On May 22, I announced a full embargo on exports to Iran and introduced enabling legislation into Parliament. This legislation, whose urgency should be recognized by all parties, will permit the enactment of other measures in the draft Security Council Resolution of January 10, dealing with sanctions. Again, this action will reinforce the decisions of EEC countries, Australia and Japan.

Canada has supported these actions against Iran because we believe that such violations of the basic conditions of peaceful intercourse between states cannot be sanctioned. At the same time, we recognize the complexity of the internal situation in Iran in which the embassy personnel are as much the hostages of internal factions manoeuvring for power as they are hostages of the Government. This situation calls for patience. The American Government and people, but more especially the

hostages, have the full sympathy and support of the Canadian Government and people. We shall continue to help in whatever way we can. I have recently had discussions with other governments about a new initiative: we continue to search for ways to defuse a crisis which is as damaging to Iran as it is to world order.

Other areas of tension

(a) The Middle East

The Camp David agreement represented the first real breakthrough in Israel's relations with its neighbours since the foundation of the Jewish state in 1948. Israel fought four major wars in 30 years. The Arab-Israeli conflict has proved one of the most intractable in the world, and it has had effects far beyond the immediate region, notably on relations between Western and Islamic states. It was clear from the time the agreement was signed that it would require perseverance and courage on the part of both Israel and Egypt, as well as the United States, to maintain the momentum. The violence of recent weeks on the West Bank — violence which Canada deplores — illustrates the explosive nature of the situation. Canada is disappointed that the contracting parties have been unable to reach, by the agreed target date of May 26, an accord on interim autonomy arrangements for the occupied West Bank and it is disappointed that talks are temporarily suspended. We believe it is important for talks to resume soon; when such a delicate agreement ceases to move forward, it risks slipping backward.

(b) Indochina

Vietnam currently maintains an army of 200,000 in Cambodia, which it has occupied since January 1979. The war continues in the western area of the country. There is mass starvation and a continuing stream of refugees into the border areas with neighbouring Thailand. The Association of Southeast Asian Nations (ASEAN) has opposed the occupation and it has obtained widespread support from both Western and non-aligned countries, most of whom refuse to recognize the Vietnamese-imposed government in Cambodia. Canadian policy rests upon the principles and objectives in the UN resolution which we co-sponsored. We support all efforts to develop a political approach to the question. The independence and territorial integrity of all states in Southeast Asia must be respected, and it is important that the people of Cambodia have a voice in the choice and the composition of their national government.

(c) Southern Africa

This region has been marked by wars and instability for much of the last ten years. It was particularly good news, therefore, that the parties in the Rhodesian conflict were able to find a peaceful means to elect a government and make the transition to independence. I was pleased to represent Canada at the independence ceremonies for Zimbabwe and to meet with Prime Minister Mugabe. Canada is taking steps to establish a resident mission in Salisbury: an initial member of the advance team is already there. We plan to have a fully functional High Commission, with a resident High Commissioner, by early November. In the meantime, our High Commissioner in Zambia will be accredited to Zimbabwe; he has already opened discussions on development assistance with Zimbabwe officials.

I wish I could report similar progress in Namibia. While all parties agreed in principle in 1978 to the Western-inspired UN settlement plan to end South Africa's illegal occupation of this territory, negotiations since have yet to produce agreement on its implementation. There has been some progress, particularly on technical issues. The

UN plan still provides the best opportunity to achieve a negotiated settlement and we believe the plan to be in the interest of all parties, including South Africa. Ultimately, the question is one of political will. Canada maintains an active participation in this issue through its membership in the so-called Contact Group along with France, West Germany, the U.K. and the U.S.

Human issues
(a) Refugees

The wars and upheaval in Afghanistan and Indochina have added dramatically to the global refugee problem. Since 1975, approximately 1.75 million refugees have fled Vietnam, Cambodia and Laos. While in recent months the boat exodus from Vietnam has declined markedly, the possibility of a significant renewed flow cannot be ruled out. Overland refugees from Cambodia and Laos number 130,000 in UN camps in Thailand and tens of thousands more are clustered in temporary camps along the Thai-Cambodian border. Some 700,000 Afghan refugees, fleeing the war, have crossed into Pakistan and there are fears this number could eventually exceed one million. The African refugee population is estimated at four million, and the problem is especially serious in the Horn of Africa.

Canada has contributed \$15 million to Cambodian refugee relief through various governmental and non-governmental organizations. We have undertaken a program to resettle 60,000 Indochinese refugees in 1979 and 1980 at a cost of \$125 million. Canada is also contributing \$2,400,000 for Afghan refugee programs, \$2 million to the All-Africa International Red Cross program, and \$600,000 to the appeal by the United Nations High Commissioner for Refugees for the repatriation of refugees from former Rhodesia.

(b) Hostage-taking

The United Nations General Assembly unanimously adopted a convention on hostage-taking on December 17, 1979. This has now been ratified by 17 countries including Canada. It will enter into force after the twenty-second ratification. Implementing legislation is being prepared for submission to the current session of Parliament. Among other things the convention requires state parties to extradite or prosecute alleged hostage-takers found within their jurisdiction and to take steps to secure the release of hostages on their territory. It is not as strong a convention as Canada would like, but it is a worthwhile measure against a growing international menace.

Law of the sea

The ninth session of the United Nations Conference on the Law of the Sea convened in New York from March 3 to April 4, 1980 with an agreed objective of finalizing texts and formulating a draft convention. The New York meeting was successful in producing a second revision of the Conference negotiating text which will be the basis for further negotiations when the session resumes in August in Geneva. It is not certain, however, that the negotiating text can be finalized in five weeks in Geneva, and a further session may well be required before the new Law of the Sea convention can be adopted in Caracas.

Nevertheless, the chances for success for the conference remain good and the few outstanding issues are generally moving towards resolution. One major issue, the question of the limits of the continental margin, has now found a generally satisfactory solution. Unfortunately, new concerns have arisen with regard to the coastal state's sovereign rights over marine scientific research on the margin beyond 200 miles. The

remaining outstanding issues relate to seabed production policies, transfer of technology, financing and statute of the enterprise, and the constitution of and voting in the Council of the International Seabed Authority (ISA). There is a divergence of opinion on most of these issues between the Group of 77 on one hand and the industrialized and socialist countries on the other. The gap can be bridged but it is apparent that at the Geneva meeting both sides will be required to make compromises if the conference is to reach a successful conclusion.

Canada's major concerns at this stage relate to seabed mining and sovereign rights over the continental margin. Canada seeks controls on subsidization of seabed mining operations and an acceptable limit on the rate of growth of nickel mining. The question of coastal state sovereign rights over the margin involves a number of closely interrelated issues: the limits of the continental shelf; financial contributions (revenue-sharing); and marine scientific research. Canada would prefer that coastal states establish their limits "taking into account" — rather than "on the basis of" — the limits of the continental shelf. It accepts the principle of revenue-sharing but wants to ensure that the rate does not prevent development or impose unreasonable financial burdens on the Government. It is concerned that the coastal states be able to control the kind of information they disclose about their activities on the margin; proprietary information should not be required when refusing others the rights to marine scientific research, though consent for such research should not be withheld unreasonably.

North-South

The search by both developed and developing countries for reforms in the world's economic order is certain to be a central issue of the 1980s. Such reforms have been made more urgent by the recent major rises in oil prices which have hit the non-oil developing countries especially hard. It is estimated that the OPEC (Organization of Petroleum Exporting Countries) countries will run a current-account surplus of some \$115 billion this year, and that the deficits of non-oil developing countries and of OECD (Organization for Economic Co-operation and Development) countries will be roughly equal. What is more, the deficit of the non-oil developing countries is preliminarily projected to rise by another \$10 billion in 1981 to nearly \$80 billion, while the OECD countries should see a significant drop in their deficit to less than \$20 billion. The OECD countries are continuing to experience high inflation and low growth, partly because of the oil-price rises.

The needs of the oil-importing developing countries have probably never been greater, but they come when the OECD countries feel least able to offer significant new help because of their own economic difficulties. The central problem is how to cope with high energy prices. Already in the 1970s, a number of the poorest developing countries were forced to cut back the volume of their imports because of high oil prices. Their growth suffered as a consequence. Those which could turned to large scale borrowing from private Western banks. In the wake of the recent doubling of the oil price, there is reason to fear that some of these countries will no longer be able to get the credit necessary to maintain the desired volume of imports so that they too may experience much slower growth.

The oil-importing developing countries are calling for more concessional assistance,

for easier access to Western markets, and for increased transfers of Western technology. The oil-exporting countries seek to preserve the real value of their oil revenues, to enhance the value and prolong the availability of this depletable resource, to accelerate technology transfers as part of broadening their economies, and to maintain control of their production, pricing and marketing decisions. The OECD countries seek to reduce their dependence on oil, to bring about greater predictability to oil supply and moderation in price increases, to minimize the introduction of non-commercial considerations in the oil market and to ameliorate the consequences for oil-importing developing countries of the rising costs of oil imports.

These issues are at the centre of present North-South relations. The South comprises very different types of countries with divergent interests. To date both the oil-producing and the oil-importing developing countries have worked, through the Group of 77, to maintain a common front in North-South negotiations. This, and the effort to deal with the full gamut of North-South issues, partly explain the frustrations of some aspects of the dialogue over the last few years. However, all the partners recognize the vital importance of the issues and there is a determination to continue to seek ways forward. Negotiations are under way now on the "international development strategy" for the 1980s; the results of these negotiations will be considered by the UN at a special session on development called for August 25 to September 5. This session will also launch an ambitious new round of global negotiations, to start in 1981. These negotiations are potentially the most important ever held on North-South questions.

Canada has a key role to play in this dialogue. We have the economic weight, the political links, and a history of interest in these questions which is unique. Our position as an industrial country with a resource-based economy helps us understand both developed and developing countries. We have built up considerable goodwill in the Third World, as was shown in our co-chairmanship of the previous North-South summit. I intend, therefore, to ensure that we participate actively and creatively in the global negotiations.

The management of Canada's foreign service

The Prime Minister announced on March 21, 1980 the immediate start of a program for the consolidation of Canada's foreign service. This will mean a full integration into External Affairs of foreign service officers at the executive level, that is of officers in External Affairs, Industry, Trade and Commerce, and Employment and Immigration. As well, Canadian International Development Agency personnel will be given the opportunity to become full members of the foreign service. At the operational level, the trade commissioner service will preserve its separate identity, while immigration operations abroad will be merged into those of External Affairs. The main objectives of these and related steps are:

- to improve the economy and efficiency of foreign operations without affecting the policy and program-development roles of the departments involved;
- to unify the management of Canada's foreign posts and the image of Canada which they project; and,
- to improve the career prospects and broaden the experience of foreign service personnel.

The Prime Minister also announced the intention to proceed with a special study on the terms and conditions of foreign service from the point of view of foreign service officers and their families.



Statements and Speeches

No. 80/12

EQUALITY, DEVELOPMENT AND PEACE

An Address by the Honourable Lloyd Axworthy, Minister Responsible for the Status of Women to the United Nations Decade for Women, Copenhagen, July 15, 1980.

...There can be no effective development, no real progress within any society which leaves behind half its population. Yet, the chilling reality is that the general global situation of women has worsened. Studies indicate that women are the most unequal among unequals — and this, after five years of conscious effort on the part of us all. Continuing and accelerated change is needed. It is not sufficient for us to meet and discuss and propose measures and programs of action. We need effective follow-up on the recommendations which will emerge from this world conference.

Women are not alone in their struggle for equality and development. The United Nations is engaged in important activities on behalf of women. In this regard, the Centre for Humanitarian Affairs and Social Developments plays a vital role as a catalyst for action in the field of women.

Less than a year ago, the UN established the International Research and Training Institute for the Advancement of Women. We are confident that it will enhance the effectiveness and efficiency of international action by emphasizing areas needing special attention and by minimizing any duplication with existing programs.

Canada is committed to the goals of the United Nations Decade for Women. We will work with other states for the adoption of the Program of Action for the Second Half of the Decade, which is the most important goal of the conference.

Women's groups in Canada have reviewed the plan and have urged me to join with you in striving for its acceptance by all countries here, and for the development of mechanisms for strong, follow-up action by countries and United Nations agencies, mechanisms which will ensure the implementation of the plan. Perhaps the Status of Women Commission could have its functions strengthened to enable it to perform this role.

The time for effective action is now. We have no choice but to move ahead with determination. The 1980s must bring an end to women's social and economic victimization.

It is not easy to redirect those aspects of social, religious, and cultural traditions that are weighted against women's advancement; nor is it simple to change the present under-valuing of women's economic contribution that is supported by certain of these traditions.

In the first years of the Decade, and in some cases even earlier, Canada removed discriminatory language from its laws. That, of course, is not enough. The complex chal-

lenge facing us now is to ensure that women benefit as they should from all government programs and policies. These programs and policies must now work to increase women's social and economic independence, or else we have failed to meet the goals of the UN Plan of Action.

**The royal
commission**

Thirteen years ago, the Royal Commission on the Status of Women was established by the Government of Canada. Its recommendations laid the groundwork for changes in the laws and programs of government for the ensuing ten years. As a result, programs were developed, and new institutions emerged. These are the national mechanisms to integrate status of women concerns into all areas of government policy-making. For example, the Canadian Advisory Council on the Status of Women, and a Status of Women department within government to initiate and contribute to policy development were established. Arising from the recommendations of the Royal Commission on the Status of Women, the federal Human Rights Commission has included in its statutes, the concept of "equal pay for work of equal value", an historical move forward for improving women's economic status. Already cases are coming before the Commission to move this principle into practice.

**The plan of
action**

In 1979, our Government issued a plan of action, called *Towards Equality of Women*, which addresses women's issues in all spheres of government activity. We are already making changes as a result of the plan. In the areas of sexual assault, and violence against women, we are preparing for discussions with the provinces to discuss better ways of assisting victims. We are also developing a program of affirmative action in the public service; legislative changes to the Unemployment Insurance Act, and Pensions and the Income Tax Act. But the events and conditions are already beginning to overtake this plan, and it is my intention to review and revise it to ensure that there is true movement in all policy areas of the Federal Government. Canadian women's groups' recommendations were the solid base on which this plan was built, and their continued vigilance in monitoring our actions will play a crucial role in ensuring its implementation. As well, we count heavily on women's groups to continuously bring new issues and problems to our attention.

Given the federal structure of our country, all three levels of government, federal, provincial and municipal, must be committed to policies that will positively affect women. In fact, one of my priorities as Minister Responsible for the Status of Women is to discuss with my colleagues in the provinces the means they have established for ensuring that women's concerns are understood and respected in all provincial policies. Some provinces have established the structures to do this, others have not. Let me emphasize that I believe it is essential that governments establish goals and standards so that they can measure progress in these areas that affect women.

We agree with the attention paid in the draft program of action to national mechanisms and stress that in Canada there must be commitment at the provincial level too, or progress for women will be slow and haphazard.

Happily, I am able to table here today, along with *Towards Equality for Women*, the plans of action of five of our ten provinces. As I have said, the provinces have a major role in affecting progress in employment, health and education, the sub-themes of

this conference.

In studying the draft program of action in preparation for this conference, I have given a great deal of thought to the three major sub-themes of the conference. Employment issues are of special concern to me because of my responsibility for employment matters in my own country. Health and education are vital, too. They relate to matters we all strive for — good health and access to as much education as we desire.

Employment

As the Minister of Employment and Immigration, as well as the Minister Responsible for the Status of Women, I have the responsibility for ensuring that women's employment is assured through appropriate training and job creation and, as well, that special compensatory programs are conceived to strike out past inequities. In the past, many of our training and job-creation programs did not meet the needs of women in the workplace. That is a condition I hope to change. I firmly believe that unless special programs are developed, women will fall further behind, will remain in their traditional sectors and will not be equipped to participate in the economic expansion we anticipate in our western provinces, particularly in energy-related industries. That is why a new program of wage subsidies of up to 75 per cent is available to train women in non-traditional jobs. Also we have established a community service program which will finance such projects as child-care and transition houses, giving support for women to enter the workplace.

Affirmative action

Strong measures are required to overcome centuries of tradition in the workplace. That is why affirmative action programs are a necessary component in our strategy for change.

For the past few years the Federal Government and at least one province has had voluntary affirmative action programs in the private sector. We are, at the federal level, as "towards equality" states, seriously considering mandatory affirmative action programs for companies with contracts with the Federal Government. We have already announced our intention to implement affirmative action in the public service.

It is important to note that there is significant commitment within the Canadian labour movement for affirmative action, a commitment registered by the work of the Canadian Labour Congress' Committee on Equality of Opportunity and Treatment of Women Workers.

There is also a growing recognition of the need to eliminate systematic discrimination in the labour force. We have tried the voluntary approach but only 15 contracts have been signed to date. This argues for effective measures in the private sector.

Our Government considers the development of equal rights for women one of the most important areas for action, and that is why we are developing new programs over the next few years. We recognize that the considerable inequalities which continue to exist between men and women are directly related to the segregation of the jobs they do. It is my conviction that this can be diminished by measures such as equal pay for work of equal value, affirmative action and specially directed training programs for women.

Education and training

Clearly, education is a key to closing the door on this inequitable job structure. In our country, education falls within provincial jurisdiction and whereas there are areas of commonality, it is also true that not all ten education systems are the same. Education for both girls and boys, is compulsory and free in Canada up to the age of 16. Depending on the province, this can mean 11 or 12 years of compulsory schooling. In addition to our free primary and secondary schools we are proud of the university and community college systems which we have developed. Significant improvements during the past five years are now evident in the percentages of women in some professions. For example, in law and medicine women now make up more than 30 per cent of the graduates. The Federal Government contribution to vocational training is approximately \$800 million, and an additional \$3 billion is spent financing post-secondary schools. In terms of vocational training we have made some progress, too, although not as much as in the professions. Women account for about 42 per cent of the enrolment in trades training, but I must admit, this percentage is largely in traditional areas. In apprenticeships in non-traditional areas, only 3 per cent of apprentices are women.

Sex-stereotyping

The most significant thing we have learned in education is the enormous negative impact of tradition including sex-stereotyping, on choices made by our young people, both girls and boys. Provincial governments, individual school boards, and numerous non-government organizations in Canada have studied the effects of sex-stereotyping in textbooks and teaching aids. Guidelines have been prepared by a wide cross-section of concerned groups, to eliminate sex-stereotyping from our school texts. This is an area where real reform is necessary.

On a wider level, a number of studies have been done on the effects of sex-stereotyping in the media. As a result of our national plan of action, the Canadian Radio-Television and Telecommunications Commission set up a task force in September 1979 to develop guidelines to encourage the elimination of sex-role stereotyping in the broadcast media. The task force held meetings and received briefs from across Canada. We expect their reports soon. And indeed, my own Commission is in the midst of preparing guidelines for the elimination of sexual stereotyping in all forms of government communications.

Canada supports very strongly the inclusion of the programs of action, a concern that women be protected by governments from sexual assault and physical violence. As well, we echo the concerns expressed about women's health and safety on the job.

Our plan also signalled the need for modernization of our rape laws to ensure higher levels of conviction of rapists and a less traumatic trial for the women who have been assaulted. Likewise, we are searching for means to deal with sexual harassment in the workplace, which is a growing concern of women and their employers.

Family violence unfortunately exists in all societies. Our Advisory Council and my office have publicized the extent of family violence in Canada — and we are working on measures to ensure better services to women who are its victims. To do this we must have the close co-operation of the provinces.

My country is also most interested in addressing the matter of women's occupational health. In my view, it would be helpful to us in Canada, and in other industrialized member states, if the United Nations and its Specialized Agencies, particularly the World Health Organization, were to include in its work plans reference to occupational safety and state-of-the-art reports to facilitate the sharing of information to promote a safe working environment for women and men to protect the human rights of female workers, and promote reproductive health for workers of both sexes.

Convention

Despite the diversities of political systems and traditions, there is a dramatic uniformity in the changes we seek to improve the situation of women in all our countries. Our common commitment to end discrimination against women is expressed in the Convention on the Elimination of all Forms of Discrimination against Women.

I am delighted to advise you, Madame Chairwoman and fellow delegates, that Canada will be signing this convention this week. This convention, so many years in the drafting, (and I am proud to note that Canadian representatives participated actively in its drafting), affirms the commitment of our separate governments and of the United Nations as a whole, not only to respect and equalize the rights of women and men, but, in my opinion, it also gives full recognition to what all of us gathered here have known and what many others have steadfastly refused to accept — that women have borne the burdens of discrimination in many ways, and for centuries. They have been under-privileged and under-valued. They have endured unjust and inequitable situations for no other reason than that they were born female. Having given recognition to the situation, we now must remedy it. Canada is signing this convention not as a symbolic gesture, but as a pledge of action to all Canadian women — indeed, to all Canadians.

Our common interest in removing discrimination against women must be met by increased recognition on the part of all nations, that in international development co-operation, the impact of development projects or programs on women must be better understood. This will provide insights for the design of future programs, particularly those for women as the specific target population.

International development

Since 1976, Canada, in its development assistance programs has been trying increasingly to emphasize the equal partnership of women and their families in the development process. Thus, projects and programs involving participation of women in the poorest regions have been encouraged, whenever possible, within the priority sectors defined with recipient country governments.

Canada, through its International Development Agency (CIDA), has had projects with women as the specific target population at least since 1966. In recent years, greater awareness of women-in-development issues with the Agency has resulted in the elaboration of specific policy directives which guide project and program planning. In 1979-80, 31 projects in 22 developing countries focused on women and addressed the three action areas being discussed: health, education and employment. For the remaining part of the Decade, CIDA is in the process of elaborating a women-in-development strategy which will identify areas in CIDA programs requiring greater attention, in order that benefits to the women and their families can be maximized.

Immigration

Canada is a country with a diversity of cultures and groups. Men and women from all over the world have built our country, and we are proud of it. Our record of assisting refugees has been a good one. But we recognize that even these efforts pale in the face of the millions of world refugees seeking new homes. Women immigrants and refugees have their own particular difficulties and we are increasingly aware that better assistance is required to meet their needs — better language training and better settlement programs to help them and their families integrate more easily into the community. But the problem of refugees is becoming one of major significance in the international arena. Several initiatives and commitments must be made to come to grips with the political and economic reality of vast numbers of people uprooted from their traditional homes. This is an area where we must take a stand.

Refugees

This conference will consider the specific problems of refugee women, who comprise the majority of the ten-million refugee population throughout the world. These women have suffered the tragedy of disrupted family life; many have lost their families. We cannot consider their difficulties in a vacuum but within the context of the over-all situation. Their problems are, nevertheless, particularly pressing. I think, for example, of the high proportion of women and children among Afghan refugees in Pakistan and among the refugees in Somalia and also of the brutal attacks against women fleeing Vietnam by sea.

We must intensify our international efforts to resolve the situations which are producing refugees and to find homes for those displaced or in refugee encampments. Similarly, we must also support international efforts towards the elimination of *apartheid* and towards a just and peaceful settlement in the Middle East.

Our views on the causes of these conflicts and on possible remedies may diverge but what is important is that this conference should avoid polemics and instead strive in a positive and constructive spirit to work out a comprehensive and practical plan of action. Only in this fashion will the conference succeed in impressing upon the competent political organs of the international community the urgent necessity of creating conditions which will permit the extension of the benefits of this plan to women everywhere in the world.

United Nations

With reference to the Voluntary Fund, the Canadian International Development Agency will review specific projects for contribution in the bilateral programs within mutually established country program priorities and available resources.

Canada's ability to contribute to the implementation of the Decade program has been enhanced by our election to the Status of Women Commission. We intend to work towards a much stronger integration of women's concerns in the activities of UN agencies. More specifically, we seek support for a position which urges the systematic meshing and dove-tailing of concerns and objectives for the Decade Plan of Action with the other major programs of the UN for a greater impact.

We will be examining the positions of our own delegations to UN conferences to ensure that our concerns at a national level are reflected in our international activities.

Canada is committed to a better future for women. We know that our commitment requires tremendous re-direction of financial resources. The assumptions of women's equal place in society, and their need for economic independence, points to a substantial revision of pensions, social security programs and taxation systems.

Moreover, for a better society with women as equal partners with men in its governing as well as in its functions and offices, men must share the responsibility of home and children. We commend the stress placed on this in the formulation of family responsibilities by the Program of Action.

Review

By the end of the Decade we will have completed a careful review, with the provinces, of how all our social and economic policies promote or impede the possibility of women's economic independence.

There are, of course, many areas that cannot be legislated but good legislation can lead the way to changed attitudes in certain instances. Most prominent of these is the area of family responsibilities, the need for both parents to share the job of raising their children. This would require an examination of maternity leave provisions so that they can become parental leave.

Government cannot interfere in a family's sharing of assets during a marriage. However, it can, and will look at the ways in which the Income Tax Act encourages provisions for the economic security of the parent (usually the mother) who is caring for the children.

We are only beginning to understand the risks a woman takes when she leaves the work force to care for her children, or when a husband falls ill, dies, or the marriage fails. The overwhelming statistics describe the real poverty most of these women will suffer. Sixty-eight per cent of single parents' incomes is below the poverty line.

There is still a long way to go in providing the social supports, like child care. We still do not recognize the value of women's unpaid work in the home.

It is through women's economic independence that families will be strengthened. The burden of support will be shared. We intend to strive in this direction, although we know that old attitudes stand in the way, and new problems, such as economic restraints, or poor economic times, mitigate against the costly business of giving women their due. We know that equality comes with a price tag, but if the price is not paid, then our concerns are no more than lip-service, and women's economic position will continue to be perilous.

The struggle for equality, development and peace will be long — but as Nellie McClung, one of Canada's first fighters for women's suffrage, and from my own city of Winnipeg, said: "To bring this about — the even chance for everyone — is the plain and simple meaning of life."



Statements and Speeches

No. 80/13

DEVELOPMENT: A GLOBAL SEARCH FOR THE FUTURE

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs to the Eleventh Special Session of the United Nations General Assembly, New York, August 26, 1980.

We are here to consider our future — not just the future of the developing world, but the future of all of us, developed and developing countries together. There can be no real peace in the world so long as almost a billion people live in the helplessness of absolute poverty. There can be no enduring stability so long as so many nations remain dangerously vulnerable to economic uncertainty. There can be no meaningful security so long as the poorer countries remain unable to meet the development aspirations of their people.

In candour, we have to admit that too often we have permitted ourselves, as governments, to become caught up in the short-term difficulties of our individual political and economic situations, to the neglect of long-term global objectives. Too many of us have viewed international development as a matter of charity, rather than recognizing that progress and improvement in one part of this interdependent world benefits everyone.

I propose to exercise the candour I spoke of not only on behalf of the Canadians I represent, but also to them.

For example, the adaptation of the world trade and payments system to promote accelerated growth in developing countries is to the benefit of all. To attempt to preserve entrenched privilege is by far the costliest approach in anything but the shortest term, compounding our problems for the future and resulting in further insecurity and instability.

The circumstances in which this Special Session takes place are not those which prevailed five years ago when the seventh Special Session achieved agreement on such important over-all goals as trade, resources transfer, technology and food. At that time we believed that we had enhanced our sensitivity to the problems of the developing countries and to our interdependence as nations. But in the intervening period we have made insufficient progress in moving towards our goals or in resolving North-South problems. A number of explanations have been offered for this lack of action, some valid, others specious.

In a number of the industrialized countries, for example, the blame has been laid on economic recession and inflation. This, however, ignores some rather basic truths. We have to admit that although all industrialized countries have suffered severe economic problems, not all have neglected their obligations to the developing world. Such an excuse also overlooks the possibility that our failure to achieve more balanced global development may itself have contributed in no small measure to the factors that have

fed the recession.

There also remain so far unfulfilled hopes for tangible evidence of the concern of the countries of the Eastern Bloc for Third World development. Their excuses for failing to do more do not ring true.

It has been said that military expenditures have made a greater development effort impossible. This epitomizes the absurdity of a situation in which the nations of the world last year spent more than \$450 billion on armaments and only \$30 billion on official aid to developing countries.

Since the last major price increase for petroleum, there has been relatively little recycling of OPEC (Organization of Petroleum Exporting Countries) revenues to developing countries despite the amassing of sizable surpluses. We realize that some oil-exporting countries have encountered difficulties as a result of rising costs in other areas of the world. But surely this suggests the wisdom of a greater involvement by OPEC, as a group, in efforts to improve our international financial system.

Finally, a number of developing countries must themselves accept a share of the responsibility. It is difficult for developed countries to generate public support for increased aid when some developing countries have failed to build structures and programs which can ensure an adequate level of social justice in the distribution of the benefits that result from international aid.

In fairness, however, it is also true that certain economic and political developments have impeded our ability to implement the objectives agreed to five years ago by both developed and developing countries. In the developed countries the combined effects of economic stagnation and inflation have persisted to a degree we could not then foresee. The impact of this on developing countries' goals has been severe, as has the burden of price increase on petroleum-importing developing countries. Both national and international economies have also had to absorb the costs of increasing waves of refugees in various parts of the world. This could scarcely have been foreseen five years ago.

I also believe that we have been impeded by our use of unwieldy methods of negotiating, in global forums, the complex issues affecting the international development process. In that regard, Canada feels that the methods we used five years ago to reach general global agreements are not necessarily appropriate today. At that time, we were attempting to achieve comprehensive and fairly generalized agreements on a number of broad policy objectives. Today we are called on to translate those generalized agreements into concrete economic results. As a result, different methods of negotiation need to be found — methods which take account, for example, of the development prospects of individual countries, of the situation of individual countries as exporters or importers of energy, as exporters or importers of manufactured products, as producers or consumers of commodities, and of capacities to achieve greater self-sufficiency in food. Canada will, therefore, do its utmost in the forthcoming negotiations to go beyond generalized approaches and into the specific opportunities each area of consideration offers.

Because all of the subjects proposed for the agenda for the global negotiations cannot be simultaneously examined, it is essential that we select the most urgent for intensive consideration. Let me briefly review a number of key problems.

The most compelling of our challenges remains the plight of the world's poorest people, almost a billion of whom live on the borderline of human existence. This is unacceptable and intolerable to the global conscience. We must ensure that they have access to the most fundamental of human requirements: food, shelter, health care, sanitation, clean water, education — things which all humans have a right to expect. The draft of the International Development Strategy identifies qualitative goals for these requirements to which we all subscribe: to prolong life expectancy, to end illiteracy, to enhance health standards, to improve nutrition. But there must also be quantitative goals for the poorest countries. They need material assistance, and of necessity it must come from those countries which are richer. To launch such a war on world poverty, we will need widespread public awareness of the necessity of these goals — a subject which I will touch on later in my remarks.

For many other developing countries, the higher the levels of development, the more complex the problems become — problems considered in the draft agenda for global negotiations. Again, however, generalized proposals will make little impact on the real economic situations that prevail. For that reason, Canada encourages the use of the relevant specialized forums of the United Nations system in the global negotiations. In that way, we can explore in depth the questions of trade, finance and food so that the full force of international instruments can be applied to help the developing countries.

Nowhere does the importance of predictability apply more than in the fields of commodities and raw materials. While the establishment of the Common Fund represents a major achievement in this regard, it does not in itself solve our commodity trading problems. We need also to focus on the specific problems of individual commodities. Although industrial diversification may help avoid economic dependence on the export earnings of one or a few commodities, it is a complex process. It depends on more assured access to finance, to technology, to markets, and on astute management in making difficult choices. It is a long-term process which requires perfecting.

In the past five years, the gap in the availability of financing has widened dramatically and dangerously. In particular, the impact of increased oil prices on the finances of developing countries has caused severe dislocations. In such a situation, the smooth recycling of oil revenues will be to the benefit of everyone, both importers and exporters of oil. In this process, I believe we should encourage the adaptation of the international lending institutions to the needs of both oil exporters and importers. If necessary, we could explore new approaches. We could, for example, consider altering the gearing ratio of the World Bank to enable it to mobilize additional resources, while retaining its present capital base.

In adapting international institutions to meet new needs, we should not ignore the vital roles which they are already able to play. It is encouraging that the IMF (International Monetary Fund) is assuming an increased role in the recycling process. This

is an important development, one that could be crucial for all countries who have serious deficit problems, and particularly the developing countries. The increased flexibility demonstrated by the IMF recently, notably through the relaxation of lending limits and adjustment time, is noteworthy. These recent moves, coupled with the increased co-ordination between the World Bank and the Fund in their programs to assist countries with serious balance of payments difficulties, are trends which Canada will strive to promote.

We must also intensify the consultation process between oil exporters and importers. We can understand why exporting countries do not want to make long-term commitments for their oil without receiving counterpart assurances about resolving their own economic and financial concerns. But we must continue to search for methods of improving predictability in our system, or it will cease to function. Concomitantly, we must intensify our search for new and alternative energy sources, particularly renewable sources.

Access to technology — along with financing and human resources — is one of the basic tools of development. But in sharing technology, we should search for more imaginative approaches. Bilateral, trilateral or regional co-operation offer promise. Canada's own experience in this regard may be of interest to Third World countries, since we are both importers of technology and a host country to transnational corporations in this field. My country hopes we will have the opportunity to extend our activities in promoting joint ventures with developing countries, based particularly on technology associated with resource-based, developing economies.

Access to markets is of great importance to developing countries. We hope that these countries will make better use of the benefits which resulted from the Tokyo Round of trade negotiations. At the same time, the developed countries have to resist pressures for protectionist measures. Instead, they should look hard at facilitating access to their markets of imports from developing countries — a step which can ultimately benefit their own consumers. Here again, some structural adjustments will be needed, and public opinion must be helped to recognize that the expansion of the economies of developing countries in the long run is in the direct interest of the developed countries.

Food security is another major issue on the agenda for global negotiations. If we do nothing, the combined food deficit of the developing countries will have increased between three and fourfold by 1990. We must reach agreement on ways of achieving increased food productivity within the developing countries, and adequate population policies.

I have already referred to the level of world expenditures on armaments. As the Brandt Commission so dramatically illustrated, the build-up of arms is a threat to more than our safety and security. The enormous expenditures directed to their manufacture and sale pitifully dwarf the funds made available for development and economic justice in the world. And it may well be that the resulting deprivation will give rise to fears even more destructive than those arising from the deprivation of civil and political rights.

Before closing, I wish to remark generally on Canada's perception of its role both in this Special Session and in the important negotiating process which lies ahead. In many ways, our national history and culture — and our relative youth — have given us a consciousness of many of the realities of both North and South. Nature has blessed us with an abundance of resources that has enabled us to take a place as one of the world's more industrialized nations. But we remain a heavy exporter of natural resources and an importer of capital and technology, and hence we share many of the concerns of the developing countries about the operation of the international system in these areas. Canadians know that our relatively recent emergence from colonial status could well have proven to be long and costly had we not had available to us the resources on which to build a stable society for a free and independent people. Today, we feel we owe the same opportunities to those states of the world less well endowed by nature or history, so that they may have access to the resources necessary for their orderly growth and social progress.

At the outset, I said that I would direct my candour to my fellow countrymen as well as on their behalf. We have not been fully aware, they and I, of the depths and intensity of human misery and need, and we therefore have not framed our policies accordingly. I pledge myself to become aware and to help my fellow Canadians become aware of the needs of our fellow citizens of the earth. I am confident that, granted awareness, we will rise to the challenge. I am convinced that this campaign for awareness will first sensitise and then mobilize public opinion in my country to support policies necessary for Canada's full participation in the solution of these problems. If others in the North were to take up the same cause, we could guide the course of history.

My Government, since its election earlier this year, has been actively reviewing its policies on North-South issues and looking for new approaches. In an effort to achieve all-party consensus, we have also established a Parliamentary task force on North-South relations whose members are present here today. I believe this task force can make an important contribution in helping to identify policy options and in mustering public support.

In our campaign for awareness in Canada, I intend to appeal particularly to the altruism and idealism of youth, who in any event have the most at stake. We shall also create a Futures Secretariat under the Canadian International Development Agency, with the primary mandate presenting activities to inform and involve our citizens, at many levels, about and in the great issues with which we have to grapple here. While my Government is prepared to bear the major part of the cost of this initiative, we hope that the business community, universities, professional institutions and voluntary association will seize the opportunity to co-operate in this endeavour.

The initiative need not be confined to Canada. We are prepared to work with developed and developing countries to create a more hospitable climate for the kind of international action that will be necessary if we are to rid our world of poverty and to create a better life for every human being.

As well, we shall make very effort to ensure that important North-South problems are

given greater attention and urgent consideration internationally. In the councils of the industrial countries we intend to be outspoken. In negotiations with the South we shall do all we can to promote practical solutions to pressing problems. In response to the proposal of the Brandt Commission for a summit meeting on North-South issues, we have made it known that we would support such a meeting if it commanded international support and was intended not for rhetorical exchanges but rather to focus the perspective of heads of government and to reinforce the global negotiations. The hosting by Canada in 1981 of the Economic Summit of seven industrial countries will also give us the opportunity, which was agreed to at the Venice Summit, to make the problems of developing countries the primary subject of attention.

In short, Mr. President, we do not intend to shun our responsibility, and we pray that others will not shun theirs. If we are to survive the coming decades, to avoid growing recrimination and hostility, to rid our world of poverty and economic injustice and to create a better life for every human person, the nations of the world must become united — United Nations not merely in name but in genuine co-operation towards mutually beneficial ends. Let us initiate that process now at this Session.



Statements and Speeches

No. 80/14

CANADA LOOKS WEST – INCREASING LINKS ACROSS THE PACIFIC

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Canadian Business Association, the Canadian Club of Hong Kong, and the Canadian University Association, Hong Kong, July 2, 1980.

...Canada's commercial and diplomatic interests in Asia go back to the early years of this century. In 1906 we established commercial offices in Shanghai and in 1928 in Hong Kong. A Canadian legation was opened in Tokyo in 1929, one of our first posts abroad.

During the Second World War, the role of Canadian troops in the tragic attempt to defend Hong Kong is still remembered. Canada played a role in the United Nations' collective security action in Korea and participated in international control commissions in Indochina from the signing of the Geneva Agreements of 1954 until the 1970s.

But our role in the Pacific has not been military primarily. Canada was one of the founding members of the Colombo Plan, and over the years we have made significant contributions to economic development in the region. In the private sector, interest in the Pacific region is reflected in strong Canadian participation in the Pacific Basin Economic Council. In fact, the Canadian Committee of this Council has for almost ten years been an official advisory committee to our government on economic policy in the Pacific, and we expect that role will enlarge in the future.

I wish to make particular reference to another area of profound common concern between Canada and Asia – and Hong Kong in particular – having deep humanitarian implications. As you know, Canada has agreed to accept 60,000 Indochinese refugees from Hong Kong, Thailand, Malaysia and other countries by the end of 1980. Of these, some 13,000 will have been moved from Hong Kong and, in fact, this week the 10,000 refugees who have been selected will leave Hong Kong for a new life in our country. I wish to take this opportunity to commend the government and people of Hong Kong for the compassion you have shown and the efforts you have made in providing a temporary haven for many refugees on your small and heavily populated territory.

Like many other parts of the world, the Pacific region has seen its share of human suffering. Yet, most observers agree that, in the future, the Pacific area will be unique as an area of outstanding economic growth and development. The potential is vast, and has never been more tangible than it is now. Fed by Japan's remarkable postwar growth and the trade-oriented industrialization policies of South and Northeast Asia economies, such as that of Hong Kong, the Western Pacific has enjoyed growth rates from 6 to 10 per cent a year over the past decade. In many countries exports have grown by two or three times these rates, and their shares of world markets have increased markedly. The developing countries of Asia have become increasingly

important destinations for goods, services and investment capital. This remarkable pattern of growth should continue to make the Pacific economy the growth economy in the world. By the end of this century, this region may well become the focus, if not the driving force of growth in the world economy.

A major international challenge for Canada in the decade ahead will be to fashion a response to this exciting phenomenon of a new Pacific age. We want to be part of it; we want to contribute to its development and to share in its benefits. Our ultimate objective would be the creation of a more stable and prosperous community of nations in the Pacific region.

But it is a challenge that will demand a good deal of creative energy on Canada's part. As a first step, we will need a broad base of public support for our initiatives and to do this we shall have to shape a greater awareness of the potential of the Pacific region within Canada. In many parts of Canada, our traditional orientation has been towards a primary role as an Atlantic nation. But we are now beginning to see an awareness in Canada of a dual personality as both an Atlantic and a Pacific nation, and an educational process in this direction is now taking place. Perhaps one day soon a larger number of Canadians will see Hong Kong as part of the "near West".

But if one half of Canada's challenge lies in developing an awareness of its Pacific personality, the other half will lie with formulating policies and implementing programs which will make this personality more manifest. And it is to these possibilities that I wish briefly to direct your attention.

**Towards a
"Pacific com-
munity"**

No development in recent years so exemplifies a recognition of the coming Pacific age than the current move to explore the concept of a tangible "Pacific community". I doubt that anyone has a clear concept of what shape such a community will eventually take. But Canada intends to participate in the evolution of the concept from the outset. We have not made up our minds about any of the specifics of organization, membership or mandate, and we will approach the idea cautiously, but nonetheless in a positive fashion. Undoubtedly, the process of study and evolution will take time. But this may be well, since a good deal of community-building must precede any formal organization. Such matters as the improvement of transportation and communications links, tourism development and increased cultural and educational interplay are essential before tackling the economic issues which lie at the heart of the community's potential dynamic. For Canada and its Pacific partners, the achievement of the Pacific community is a longer-term, general goal. In the interim, we must nourish and expand the bilateral relationships which are the foundations of such a concept. And for this purpose, Canada intends to inject new energy into our political and economic relationships with the countries of the Asian Pacific region.

Until now, our political ties with individual countries in the region have largely reflected historical connections or other realities, such as Commonwealth ties, defence considerations, trading dimensions or development assistance. In the Pacific of the Eighties, we would hope to recast our political efforts in a more modern mould — one which takes account of the diversity and unique characteristics of our Pacific partners. We will also pay closer attention to building the broader and richer style of

political understanding and cultural contacts on which all the elements of any relationship depend. I believe that my attendance at the ASEAN foreign ministers meeting in Kuala Lumpur a few days ago is an indication of both these trends in our approach.

**Provincial
offices in
Hong Kong**

Canada's economic interests in the Pacific will both intensify and diversify. The expansion of economic activity in western Canada has made this course inevitable, and a number of provincial governments have already stepped up their activities in the region. This year, for example, the government of Alberta will open offices in Hong Kong to promote further commercial and other economic links. It is precisely this "complementarity" between western Canada and the Pacific region that has become the vital element in our presence here.

But interest in the Pacific is not confined to western Canada. Our central provinces of Ontario and Quebec are also playing more active roles, and doing so with great effect. The Ontario government, for example, like Alberta, will this year open an office in Hong Kong.

For its part, the federal government will continue to represent all of Canada's interests. As you know, Canadians are now in the process of reviewing and revising their constitution. A few weeks ago, the people of Quebec voted in a referendum to remain within the Canadian confederation, thus averting a very difficult situation within our country. At the same time, it is felt that the time has come to make changes in our constitution which align with present-day realities, and that process is going ahead at this time. But the federal government will fulfil its role of meeting the needs of all parts of Canada, and the policies which we pursue in this part of the world will be no exception.

At the present time, for example, the federal government is refining its techniques and tactics in the economic and trade spheres. We are proposing revisions to the Bank Act which will permit greater reciprocity with other countries in that field. We are currently reviewing a number of bilateral agreements with Pacific nations, seeking ways to modernize mechanisms or to establish new ones where gaps exist in order to improve mutually beneficial trade and capital flows.

**Trade not the
sole interest**

But Canada is not coming to the Pacific region in the 1980s simply as a trader looking for markets. A nation as dependent on trade as Canada can ill afford purely self-serving approaches. Rather, we want to build relationships which will benefit all concerned through trade, industrial co-operation, investment, technological exchanges and other relationships. We believe that the growing economic interdependence within the Pacific region calls for such sophisticated and responsible policies. It also calls for a broad strategy in our foreign affairs which will advance contacts between people in all walks of life for educational and academic exchanges and for the dissemination of cultural information. We feel that, in time, these approaches will provide a richer and more rewarding international experience for the people of the region.

These are the main lines of Canada's strategy *vis-à-vis* the Pacific during the 1980s; let

me now touch on some more precise manifestations of our approach in the months immediately ahead.

Meetings

Perhaps the most important event on our horizon is the conference on Pacific relations which Prime Minister Trudeau announced recently and which will take place in Vancouver in November of this year. This conference will bring together knowledgeable and experienced Canadians from the fields of business, government, labour and the universities who have an interest in the Pacific region. We hope that through frank and thoughtful discussion, the conference will inform and sensitize many Canadians about the potential of the region. We hope, too, that this conference will provide input for the approaches that governments and individuals adopt during the 1980s in this region of the world. To make it as productive as possible for Canadians, we have confined attendance at the conference to Canadians. But I can assure you that those who participate will be prepared to discuss the results with their friends in this part of the world.

While the conference should give Canadians some sense of how they would like the Pacific-community concept to evolve during the 1980s, it is only one part of an evolutionary process. Canadian businessmen, academics and government officials have already joined with their colleagues from other Pacific nations in a growing cross-fertilization of views on this challenging notion. For example, Canadians will participate in the symposium on this subject organized by Sir John Crawford at the Australian National University in September.

As I mentioned earlier, I have just participated in the ASEAN foreign ministers' meeting in Kuala Lumpur. At previous meetings, other ASEAN dialogue partners have been present, but this was the first time a Canadian foreign minister has been involved in these important discussions. This attention to ASEAN exemplifies what we will be attempting to do with other Pacific countries in the period ahead in enriching the political medium for our future relationships.

My attendance at the Kuala Lumpur meeting was complemented a few weeks previously by a visit to the ASEAN countries of Malaysia and Indonesia, led by my colleague, the Honourable Ed Lumley, the Minister of State for International Trade. His visit represents in fact, a new Pacific thrust in Canada's efforts to expand our trade and capital flows and to develop economic interdependence. Mr. Lumley was also in New Zealand and Australia in May leading a major trade and investment mission and he is planning additional missions in Asia.

In the last resort, however, government can only facilitate and assist in this outward thrust. It is the role of the private sector to inject life and substance into economic relationships, and for this reason the Canadian government is encouraging a more explicit role for businessmen and business associations in shaping relationships and in influencing the form and conduct of foreign policy. I have already referred to the role played in this by the Canadian Committee of the Pacific Basin Economic Council. Another example is the readiness of busy Canadian executives to participate in bilateral business committees with colleagues from other countries. Our government will continue to assist them in this valuable work in order to develop a more unified

international voice for both the private and the public sectors.

Finally, I want to refer rather specifically to Canada's relations with Hong Kong which, as you know, have flourished and expanded in recent years. While your exports to Canada continued to grow substantially in the two-year period from 1977 to 1979, our exports to you more than doubled. In 1979, two-way trade between Canada and Hong Kong reached almost 2,280 million Hong Kong dollars (\$570 million Canadian). Seven Canadian banks now have offices in Hong Kong. And in its role as Canada's gateway to Asia we can reasonably expect that trade and commercial activity will greatly expand in the period ahead. You have unique channels of contact with the People's Republic of China and are at the centre of one of the great economic success stories of our time. These facts alone justify our intense interest in broadening our relationship with you.

But economic reasons are not the only ones for strengthening our links. A number of historical human factors also prevail. During the past two decades, for example, thousands of men and women from Hong Kong have emigrated to Canada and have made a major contribution to our country's rich cultural mosaic. They have expanded the family ties that draw us together. In addition, thousands of young people from Hong Kong have been educated in our universities and have returned here to play important roles in Hong Kong's economic life and in government. These contacts have enriched the human dimension of our relationship by promoting understanding and creating lifelong friendships....



Statements and Speeches

No. 80/15

NEW DIMENSIONS IN NORTH-SOUTH RELATIONS: A CANADIAN PERSPECTIVE

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Royal Institute of International Affairs, London, England, July 7, 1980.

William James once referred to the "great, blooming, buzzing confusion" of the perceptual world confronting a new-born child. We are none of us infants any longer, but I personally sometimes feel a little dizzy faced with the "great, blooming, buzzing confusion" of the world of North-South relations. It is a world in which the easy labels of North and South hide as much as they reveal, a world in which we must pick our way very carefully through the rhetoric, the maze of issues, and a profusion of meetings, groups and organizations. Confronted with this complex environment, perceptions of even well-informed observers can differ markedly.

Despite this complexity and the inevitable diversity of impressions, I hope we can agree on the fundamental importance and urgency of North-South issues. Interdependence between North and South has always been evident to developing countries, at least to the extent that they feel very directly the consequences of conditions in and decisions by the developed countries. In the past ten years, this awareness of interdependence has become more acute in the developed countries as well. It has been clearest in relation to energy, but it is also very evident in international monetary and trade issues. What is more, I think there is a general recognition that the developed market economies have an increasing strategic interest in military and political developments throughout the Third World. The urgency of North-South issues relates especially to the disruptions of the world economy from two major oil shocks. The latest of these has hit the poorest developing countries very hard and poses acute problems for the international financial system in particular.

The next year or so will see intense activity in the North-South dialogue. The United Nations Special Session late next month is likely to approve an International Development Strategy for the 1980s and it will launch the new round of global negotiations that will start in earnest next year. Canada is deeply committed to progress at this round. We believe that the world community should take advantage of these negotiations and of their probable coincidence with three summits in 1981 to try to come to grips with some of the most serious problems.

The first summit is likely to be a so-called mini-summit of the type proposed by the Brandt Commission. It would be a gathering of 20 or 25 heads of government from a representative selection of countries. Canada, which co-chaired the Conference on International Economic Co-operation in the mid-70s, has expressed its support for such a summit. Prime Minister Trudeau and I have been discussing it in both bilateral and multilateral meetings of the past few months. We believe this North-South Summit should supplement and give impetus to the global negotiations.

The second summit will be the annual Economic Summit of the seven industrialized countries which met most recently in Venice. The seven agree that the next summit, to be held in Canada, should give particular attention to North-South issues, including aid, food production and energy. As host, Canada will work to promote a fruitful discussion.

The third summit will be the Commonwealth meeting in Melbourne at the end of September 1981. The Commonwealth has developed into a privileged forum for informal and frank discussions between a large group of countries from both the developed and developing world. The Melbourne meeting could well prove especially useful, coming after the two earlier summits and while the global negotiations are under way. Taken together, the global negotiations and these three summits will offer an exceptional opportunity to press for progress on North-South issues in the next 15 months.

I propose today to give you some views from a Canadian perspective about where we have come in North-South relations in general and in the North-South dialogue more particularly. In addition to trying to draw some lessons from the recent history of the dialogue, I shall try to assess the possible impact on North-South relations of three major developments of the past year or so, namely the roughly 150 per cent rise in oil prices, the Soviet invasion of Afghanistan, and the publication of the Brandt Report.

Looking back

The 1970s cannot be easily characterized as a period in which things got better or worse, in terms either of the North-South dialogue itself or of the more objective economic circumstances of the world.

Consider first the economic situation. On the positive side, some Third World countries, notably most oil exporters and the newly-industrializing countries, experienced unprecedented growth over most of the past decade. Even a very large and poor country like India was having real success in dealing with a fundamental problem like food production and in moving to a higher level of growth. Some important aspects of living conditions in developing countries, including health, life expectancy and literacy improved markedly.

Against this, there were two major disappointments. The first was that the poorest developing countries had very low rates of growth, especially in *per capita* terms. These countries were largely shut out of commercial borrowing and thus could not maintain their levels of imports in face of rising prices for oil, food, fertilizer and some manufactured goods. In relative terms, they fell even further behind the so-called low and middle-income countries. The number of "absolute poor" — those deprived of the minimal necessities of decent existence — continued to grow.

The second major disappointment was that the world economy suffered serious disruption and important losses in potential output because of two major oil shocks. It is clear, in retrospect, that the long period of cheap oil could not continue. It would not have been fair to oil producers nor in the longer-term interests of the world economy. That said — and even if we question the precise level of present prices, as we do — we can only regret that the two rounds of oil price rises have come in a way

which imposes unnecessary costs in lost production on the world economy.

There have been no breakthroughs in the North-South dialogue comparable in effect to the major oil price rises. What is more, North-South negotiations have taken place against a background of demands for a new international economic order which is so radical and comprehensive that the accomplishments or successes of the dialogue necessarily appear diminished in comparison. I don't wish to suggest that there has been satisfactory progress in the dialogue. I think it urgent that we achieve much more. But I do think that we risk losing our sense of perspective — and perhaps the optimism needed to maintain the dialogue — if we fail to measure the accomplishments against the fundamental nature of the issues, the relatively short time during which they have been seriously debated, and the difficult economic context.

There have been a number of significant agreements and concrete steps. The Generalized System of Preferences, negotiated at UNCTAD II in 1968 and largely adopted in the early 1970s, has been a major factor in the improved trading position of developing countries. As a result of the Conference on International Co-operation and Development, a \$1-billion Special Action Program was instituted to transfer resources quickly to the poorest developing countries. There has been a series of changes negotiated in the International Monetary Fund (IMF), including special oil facilities and new facilities to aid balance-of-payment adjustment over longer periods and for larger amounts. There was also an agreement to transfer to developing countries a significant share of the proceeds of IMF gold sales. The Integrated Program for Commodities, agreed in principle at UNCTAD IV in 1976, created the framework for the agreement on a common fund, which was finally concluded two weeks ago, and for specific commodity agreements, such as that on rubber reached earlier this year. I was able to announce in Kuala Lumpur last week Canada's decision to sign this agreement. The consensus at the Law of the Sea Conference on the designation of international seabed resources as the common heritage of mankind and on the establishment of an international seabed authority represents an innovative step in international organization and promises significant benefits to the Third World. Most recently, the UNCTAD Conference on Restrictive Business Practices this spring reached the first broad international agreement in this area.

It is possible in looking at these agreements to say "yes, but". Yes, accord was reached on these issues, but it is still sought on many more. Even so, the catalogue of agreements, which could be extended beyond the examples I have mentioned, does not indicate the total blockage in the North-South dialogue which is sometimes charged.

In addition to these instances of concrete agreements, there has been progress which is less tangible but still of real significance in relation to our thinking about and understanding of North-South issues. This frequently arises from studies, particularly by the international financial institutions and the Organization for Economic Co-operation and Development (OECD), of developing countries' problems and of the nature of interdependence between North and South. For example, we now have a much better understanding than we did ten years ago of the effect of North-South trade in aiding growth in developing economies and in reducing inflation in developed

economies; it is now clearer that such trade is a relatively minor cause of the need for restructuring in developed economies. There is very interesting work currently being done on the possibilities and limits of "massive transfers".

At the more political level we have been able to overcome some of the false obstacles to successful dialogue which arose from the different general perspectives of developed and developing countries. We can see this in the broad acceptance that some old and time-consuming disagreements over the concept of interdependence — where the North stressed interdependence between geographic regions and the South stressed interdependence between issues — were really based on false assumptions. I mention an abstract example of this type because the language or the rhetoric of the dialogue can be an important determinant of its course. Perhaps the most telling case was when Mr. Kissinger called, in May 1975, for "an end to the theatrical debate over whether we are seeking a new order or improving the old one...", and accepted the need for the dialogue between oil producers and consumers to include "the general issue of the relationship between developed and developing countries". This declaration on abstract issues marked a significant shift in American policy and had an evident effect on the climate of dialogue.

Progress in defining issues and problems can also be seen in the ability of North and South to pass a large number of resolutions by consensus at virtually all international meetings. The effect of such resolutions is often not direct or immediate, but they serve a useful purpose in clearing intellectual and ideological underbrush and setting directions for debate on more concrete measures.

Of course, the North-South dialogue in its various forms has not proceeded smoothly. There have been areas of relative success and others of relative failure. The general climate has altered from time to time. I think, for example, that the climate in the early to mid-70s was particularly marked by rhetoric and confrontation, that there was a clear improvement before and after the UNCTAD IV Conference in Nairobi in 1976, and that there has been a certain deterioration in the past year or so. In my reading of the factors influencing the chances for success or failure of a conference, I give special importance to the negotiating tactics of the Group of 77, to the extent to which each meeting is focused on a manageable number of issues, and to the determination of all sides to reach an agreement. Because of its importance, I should like to pause on this question of negotiating tactics.

Group of 77's approach to negotiations

The Group of 77, now comprising some 117 countries or two-thirds of the UN's membership, is made up of a collection of countries that are economically, culturally and ideologically very diverse. Because of this diversity — and especially the tensions between oil-importing and oil-exporting countries — some observers have been inclined to view the 77 as artificial and ultimately transitory. Personally, I think we are misleading ourselves if we believe the 77 as a negotiating unit will disappear from the North-South dialogue in the foreseeable future. The developing countries feel strong elements of commonality — arising from their traditional history as the poor countries of the world, whatever their present circumstances — and they believe that their collective unity is a requirement for successful bargaining with the North. What worries me is that, as the tensions within the Group increase, it will have more and

more difficulty reaching common positions on questions of substance and thus be forced into greater emphasis on rhetoric and procedure. It also risks becoming dangerously rigid in the positions it adopts at international meetings.

We can see some of these tendencies in comparing the histories of the recent UNCTAD (United Nations Conference on Trade and Development) and UNIDO (United Nations Industrial Development Organization) conferences. The UNCTAD IV Conference, held in Nairobi in 1976, is usually reckoned to have been a success. It was there that agreement was reached on the principle of an Integrated Commodities Program. The Group of 77 had prepared for that conference by holding its own meeting at Manila where it hammered out a consensus on principles and priorities. But the Group did not lose the flexibility to negotiate realistically at Nairobi: it clearly wanted an agreement on the commodities program and was prepared to make concessions to win it. And the developed countries, for their part, responded by making concessions which went beyond those they had anticipated.

The UNCTAD V Conference, held in Manila last year, had a more mixed record. Again, the Group of 77 had prepared beforehand, this time at Arusha. However, it did not settle on a clear priority, as it had for UNCTAD IV. And it adopted a position on the key question of interdependence which was highly politicized and from which it would not — or could not — budge. It refused to accept any reference to the role of energy in the economic situation of all countries. Even so, the conference did reach agreement on a number of issues, such as a program of assistance for the least developed countries, and on the principles of strengthening the technological capacity of developing countries because the 77 were still prepared to show some flexibility on these items.

The UNIDO III Conference, held early this year in New Delhi, is the starkest example of the dangers which can arise from the 77's adopting the wrong sort of negotiating position. In this case, they had followed an approach agreed at the Havana meeting of the non-aligned. It was confrontational, and it was highly politicized in introducing extraneous political issues and in couching technical issues in political terms. As a consequence, the conference failed to reach agreements which might have been possible on the key issues of substance. While many Third World countries showed a good deal of moderation in debate, the Group of 77 nevertheless maintained such a firm line in the negotiations that the OECD countries reacted by voting as a bloc, something which rarely happens.

It may be that the disappointments of the UNCTAD V and in particular the UNIDO III Conferences will lead the Group of 77 to modify its tactics during the forthcoming global negotiations. The recent UNCTAD agreements on the common fund, multimodal transport, and restrictive business practices are hopeful signs. I hope that these countries will be able to define a relatively finite set of priorities in relation to concrete issues and to display genuine flexibility in the negotiations. While the developed countries must be prepared to respond concretely to positive proposals and to make proposals of their own, the responsibility to make proposals falls particularly heavily on the 77. It is they who tend to take the lead in these conferences. They introduce most resolutions and largely set the tone. It is with this

in mind that I want to assess the likely impact of three major developments of the past year or so: the approximately 150 per cent increase in oil prices; the Soviet invasion of Afghanistan; and the publication of the Brandt Report.

The oil shock

It is important that we grasp the scale of the most recent oil shock. It is estimated that it will mean an income loss by the OECD countries to Organization of Petroleum Exporting Countries (OPEC) of around \$150 billion or 2 per cent of gross national product. What is more, this drain will slow the OECD's economic activity by an estimated \$250 billion below what it would otherwise have been by early 1981, for a total loss in one year of \$400 billion. But it is not just the developed countries that will pay. The price rise will mean an income loss by the oil-importing developing countries of \$30 billion, reduced export earnings of some \$20 billion for them because of lower OECD growth, and other lost economic activity of roughly \$25 billion, for a total loss of \$75 billion by early 1981. We can see something of the relative scale of this shock by looking at its relation to aid. Aid this year is expected to total around \$32 billion, or roughly the same as the direct income loss to developing countries from the oil-price rise. Total oil imports of \$55 billion by the oil-importing developing countries will now far exceed aid of \$32 billion. These numbers demonstrate why we at the Venice Economic Summit stressed that the Western countries are unable to cushion the Third World from the latest oil-price rise and we insisted that OPEC itself will have to act to meet this problem.

This new oil shock is bound to have an effect on the North-South dialogue. For one thing, it makes many of the issues — such as the plight of the poorest and the recycling problems of the international financial system — much more urgent. It has demonstrated graphically the nature of the new interdependence between North and South. It makes it politically more difficult for OECD governments to resist protectionism and maintain aid levels. And it has shown once again the key place energy must have on any agenda of North-South issues.

I do not want to suggest that all of the woes of the world economy should be traced to the oil exporters. Some of the recent price rise can be seen as a catch-up to the real value of oil in 1974. Some poor developing countries are even more vulnerable to wide fluctuations in the price of their principal commodity export than they are to oil-price changes. Some mistakes have been made in managing the Western economies. But there is no doubt that the suddenness and extent of the rise have been very damaging to the world economy. It is inconceivable that there could be truly meaningful global negotiations without careful attention to the energy issue, yet the very question of whether it was to be discussed has been a stumbling block for several years. Canada is pleased that there is now agreement that energy will be one of the five major subject areas for the global negotiations, although it is too soon to predict the practical significance of this. It will be very difficult indeed for the Group of 77 to agree on a coherent policy in relation to energy. But having the item on the agenda is a step forward.

Soviet invasion of Afghanistan

The Soviet invasion of Afghanistan was condemned by the overwhelming majority of the Group of 77. Since then, the U.S.S.R. has seen a significant erosion in the previous, frequent support it received from many Third World countries in the

political committees of the UN, for example, in the Commission on Human Rights and in the Disarmament Committee. As well, the credibility of Cuba within the Non-aligned Movement and the Group of 77 was undercut just when it had become chairman of the Non-aligned Movement. We might anticipate that the Third World countries will now show less tolerance for the sometimes cynical role played by the U.S.S.R. in UN North-South debates and for the very limited contribution the Eastern European countries have made to meet the development needs of poor countries.

But, I do not expect the Third World countries to lessen their commitment to non-alignment by moving towards the West. The most we can hope for is a little more objectivity in their assessment of Western proposals in North-South meetings. Perhaps non-alignment can regain some of the meaning it lost in Havana. Of course, we in the developed world must stretch ourselves to make concrete offers that have a real interest to the Third World; otherwise there is a danger these countries, disenchanted with both East and West, may focus increasingly on South-South issues and prove even harder than before to persuade that global problems deserve global attention.

The Brandt Report

The Brandt Report is the third new element in our brew. Canada welcomes the report as a very useful contribution to the dialogue. We, like most governments, are studying it carefully. My impression is that it and the proposed emergency program in particular, will prove useful as a frame of reference in the forthcoming global negotiations. The emergency program has four principal elements: a large-scale transfer of resources to developing countries; an international energy strategy; a global food program; and a start on some major reforms in the international economic system. The report resulted from many necessary compromises and there are sections that will prove controversial. The compromises in the global negotiations could be quite different. But the report stands as an example of what can be agreed by responsible people — admittedly unencumbered by office — from both North and South. It should be especially useful in influencing public opinion in the industrial democracies. A new task force of the Canadian Parliament investigating North-South issues will make considerable use of the study.

The Brandt Report has very usefully drawn attention to the need to think of new processes for dialogue, even in parallel with the global negotiations, and suggested the holding of a new North-South summit. I have already mentioned Canada's support for this proposal.

Industrialized countries

While I expect there will be some significant differences in the approaches of the OECD countries to the global negotiations, I am pleased by the extent of our shared thinking. The seven summit countries have declared their "positive spirit" in approaching the global negotiations. We agreed on the objectives of helping the developing countries in energy conservation and development in the expansion of their exports, the enhancement of their human skills, and the tackling of underlying food and population problems. At the summit, we also agreed on a review of our aid policies and procedures, and of our other contributions to developing countries. This review will be considered at the summit to be held in Canada next year. I do not underestimate the difficulties of a review which will be adequate to the challenges we face.

At another level, the developed countries agree on the importance of taking decisive measures within our own economies as a step towards improving the international economic and political environment. The control of inflation, the reduction of oil consumption and the development of new energy technologies are domestic objectives whose realization would improve North-South relations. However, Canada does not believe that the achievement of these domestic objectives can or should precede new reforms in North-South relations: many of our fundamental problems stem from disorder in the world economic system and it is a chimera to believe we can solve our domestic problems in isolation. This is the true significance of interdependence.

Canada's perspective and policy on North-South issues are distinctive in a number of ways. Like most of our OECD partners, we enjoy a high standard of living and we have very advanced industries — in our case atomic reactors, telecommunications, and aeronautical manufacturing are especially notable. But unlike some of our key partners, we are also large net importers of technology and are more host than home to multinational corporations. Our economy remains largely resource-based and we are net exporters of energy. We do not have tariff-free access to any of the three mass consumer markets: Europe, the U.S.A. or Japan. Politically, we are large enough to play a prominent role in the world, but not so large that we create suspicions of our ambitions. We have privileged links into almost all parts of the Third World through the Commonwealth, la Francophonie, and our place in the Western Hemisphere.

These factors have given Canada a global concern for North-South relations. We have been actively involved in the North-South dialogue since it began and we intend to continue this in the global negotiations, and the three forthcoming summits.

The environment for these meetings will be quite different from those of earlier major North-South conferences. The second oil shock, the Soviet invasion of Afghanistan and the Brandt Report, are all important new elements. I believe that Canada and other developed countries should take stock of these factors in thinking about the global negotiations, just as they should assess the progress made and lessons to be learned from the dialogue so far. Clearly, the next round will not be easy. We can hope that the Group of 77 approaches the negotiations in a flexible, pragmatic way and that it settles on a clear set of priorities. We in the developed world shall have to do the same, recognizing that achieving our objectives will require concessions and good faith.

A Southeast Asian foreign minister remarked to me last week that we are the most non-aligned of the Western countries. While that is not exactly our perception of ourselves, I think it does indicate the feeling in the Third World that we are sympathetic to them and open to their concerns. Perhaps that will give Canada a unique opportunity to bridge that gap between North and South.



Statements and Speeches

No. 80/16

A SECURITY IMPERATIVE FOR THE EIGHTIES

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the World Federalists of Canada, Winnipeg, Manitoba, June 13, 1980.

I am very pleased to be able to address this audience of world federalists, a movement which under various forms and in various countries, has been very active since the end of the Second World War as a result of that terrible experience. This is a very important kind of audience because it represents many of the idealists — but often and usually I think, very realistic idealists — in our country. I have made no secret of the fact since becoming Secretary of State for External Affairs that I am a world federalist and this had provoked quite a few reporters' questions who always profess to see some inconsistency between being a Canadian foreign minister and being a world federalist. It has also provoked some curious letters to newspapers and to me, some demanding to know what world federalism is. I think it is symbolically very important that those of us who do have the opportunity of being in the public eye, like my Parliamentary colleagues, they are able to be recognized as people having this kind of idealism. This is also an interesting occasion to speak on the subject of disarmament, because this year is the mid-point between the first and second Special Sessions of the United Nations on Disarmament and I think that makes it an appropriate moment to focus on Canada's priorities, particularly in this area of arms control and disarmament.

Pessimism
about
disarmament
rejected

I realize that in recent months it has been fashionable to assume that arms control and disarmament efforts have come to a complete halt, and some do not even acknowledge the real achievements which have taken place over the past 20 years in the field of disarmament. But the government does not share this pessimism and I would, to indicate that, quote from this year's Speech from the Throne:

"Canada's imperative is clear. This government must continue its strategy to suffocate the deadly growth in the nuclear arsenals of the world. We must, and we will, actively co-operate in international efforts to negotiate agreements on verifiable means of arms control and disarmament, and seek to rally others to a cause that is no less than human survival on this planet."

Those were the words which the government wrote for Governor-General Schreyer to read in the Speech from the Throne. Now, some people in high places in recent months have expressed the view that war is imminent or inevitable and that the only appropriate measures to take in these circumstances are those that strengthen our defence capacity. The government doesn't accept this analysis, even if it is made by distinguished generals, or by whoever it may be made. I don't believe that these people have the pulse of the world, and I don't believe that they are reading the signs any better than ordinary people nor nearly so well as those of us who have a more basic optimism.

We do know of course that the world situation is dangerous — all the more so because any use of force for any aggressive purpose by a superpower is bound to adversely affect the climate of international relations. And of course, just at the turn of the year, we saw the most unfortunate and illegal Soviet invasion of Afghanistan which has poisoned the international atmosphere for the whole of this year. I think, though, that despite the fact that this unfortunate event not only has occurred but is continuing, despite the fact that we have had to take a series of measures directed at making the Soviets at least pay a price for this invasion, such as the Olympic boycott, such as the embargo on grains and the limitation of our commerce, the cutting off of many visits, including all official visits to the Soviet Union, and many other things which I could mention. Although we have had to take all of these steps — and I think they were very important to be taken — this does not imply that *détente* has wholly gone. But in my view, and in that of the government, *détente* rests on a firm foundation of deterrence. One of the reasons that we can have *détente* is that we are militarily prepared, and in the last week I said — and I received some criticism for this — that we are not likely to have a war in Europe. That is extremely unlikely. It is not because I believe that the Soviet Union is incapable of launching such a war, or in some circumstances is unwilling. But we are sufficiently well prepared, through NATO (the North Atlantic Treaty Organization) and in other ways in Europe, that war there is most unlikely. It is in the context of a strong deterrence that I believe we are able still to speak about and hope for *détente*.

Whatever the state of *détente*, though, East and West, in fact all countries, have a common interest in limiting the spread of arms and in reducing stockpiles and expenditures on arms, particularly nuclear arms. There has been in the past year some strengthening of NATO forces through the modernization of theatre nuclear weapons, as they are called in Europe.

I know that not everyone here will be or is happy about that. In fact, I received a copy of your telegram to the then Secretary of State for External Affairs protesting this move some months ago. I must say that in my view, though, this modernization of weapons, and the modernization of weapons which Canada is undergoing, is fully justifiable. It is at a kind of threshold level of protection. In the case of those nuclear weapons, they are the same kind of nuclear weapons which the other side possesses and which they are not likely to give up unless there is an equal bargain to be struck on our side. If we don't have something to bargain with, there is no bargain.

Three foundations of peace

The government is convinced that real security rests on a three-cornered foundation. First, there is the foundation of deterrence — the capacity to deter war and, if deterrence fails, to defend ourselves. But the second element is equally important and it is about that I really want to talk this evening. That is arms control. I wanted to set the foundation of deterrence because I believe that it is on this that everything else can be built. But I don't think that it is nearly enough. The second theme of arms control is equally important. The third element of the foundation of peace are mechanisms and arrangements for the peaceful settlement of disputes. Dispute settlement is not at the same level of sophistication in the world, unfortunately, as it is within our states, where we have courts that make decisions. In the world, where we have courts, nations are not always willing to refer cases to them. The limitations of course are

greater than that because then there is no way of enforcing the judgment which an international court may give.

But of those three foundations of peace, the one I want to talk about primarily tonight is the element of arms control, although from time to time I will come back to the subject of deterrence.

Arms control

Because the dangers of nuclear war are real, the government attaches great importance to arms control and disarmament policy. Nuclear war is neither imminent nor inevitable. But it cannot be ruled out. No power wants general war. But global politics reflect increasingly the strains to peace which derive from resource imbalances, population pressures and technological and cultural change. Sometimes it results from sheer bad will or from the determination of some countries, such as Vietnam or the Soviet Union, to overrun and subjugate neighbouring countries. In these circumstances, we note that the countries are usually weak and not closely connected with other great powers, or are assumed not to have any strong links with countries which would protect them militarily. (In the case of Vietnam, however, that did involve them for a while at least in a conflict with China, which was potentially very serious for them.) But basically the risks of war are risks of inadvertent conflict caused either by miscalculation or by an escalation process that slips out of control.

If we add to these possibilities the inescapable advance of weapons modernization and the spread of the capacity to make nuclear weapons to more states or determined groups of individuals, we face a grim prospect. And we have no choice, we think, except on the one hand to continue to try to be prepared to deter any attack and, on the other hand, to control and reduce the weapons that are the greatest danger.

Continuing discussions

Despite the present poor climate of East-West relations, 1980 is a particularly active year in the field of arms control and disarmament. Talks between the superpowers on a test ban and on the use of chemical weapons are continuing. A review conference on the Biological Weapons Convention took place in March. The Second Review Conference on the Non-Proliferation Treaty will begin in August; and the United Nations Weapons Conference reconvenes in September. The Conference on Security and Co-operation in Europe, which is scheduled to begin in Madrid in November, will be devoted, in part, to security issues. Finally, the negotiations on Mutual and Balanced Force Reductions in Europe continue in Vienna.

In the Committee on Disarmament, where Canada is one of the 40 members, to date this year there have been potentially two significant developments. The first is the decision of China to take its seat on the Committee, so that all five nuclear powers are now present. The second is the establishment of four working groups to address such specific subjects as bans on chemical weapons and on radiological weapons. The Committee on Disarmament, as you know, is a negotiating body and its highest priority is a treaty to ban nuclear testing. It has not been able to move faster, however, than the nuclear weapons states will allow it to go. Unfortunately, as a result of the invasion of Afghanistan, progress in all of these negotiations will be slower than we would have otherwise anticipated. But we believe that they must be pursued with some sense of urgency. In the meantime, our priorities remain the same.

Priorities

Our first priority is to encourage the continuation of the SALT (Strategic Arms Limitation Treaty) process. The ratification of SALT II by the U.S. Senate will serve to encourage the resumption of the dialogue between the superpowers through SALT III which we hope for, with a view to agreeing on further limitations on strategic nuclear armaments and strengthening the stability of the nuclear balance. But of course we all know that SALT II is now stalled in the U.S. Senate, like the Canadian fisheries treaty, although for different reasons. It is stalled there as a result of Afghanistan; the American Senate is understandably unwilling to ratify — in the official terms of the Constitution to advise and consent — on the ratification of that agreement. And it is very hard to say when the atmosphere in the U.S. Senate will change. I can't say that the Senate is wrong in taking that position, and it is an understandable reaction when the other superpower is engaged in this military exercise. But it will be unfortunate if, as a result of the invasion, we do not in the relatively near future see the ratification of SALT II. I think it will be hard to see any progress at all in the realm of disarmament unless we are unable to come to that step. Our second priority is to promote the realization of a comprehensive, multilateral treaty banning nuclear weapons tests.

Third, we will assist in preparing a convention to completely prohibit chemical weapons.

Fourth, we will promote the evolution of an effective non-proliferation regime based on the Non-Proliferation Treaty.

Fifth, we will participate actively in negotiations to limit and reduce conventional forces.

Finally, we will be striving, step-by-step, to ultimately achieve general and complete disarmament, consistent with the legitimate security needs of states.

We do have legitimate interests in these talks. We don't always have direct involvement because we don't ourselves have nuclear weapons. Nevertheless, because of our general interest, we are certainly very much involved in the general discussion involving all of these issues. Certainly a nuclear war will involve Canada very directly.

Nuclear safeguards

I want to talk briefly about a number of areas of policies. One of these is the proliferation of nuclear weapons. We are among the most active countries in attempting to reconcile the two objectives of the non-proliferation regime which are: first, to ensure access to peaceful use of atomic energy, especially to developing countries, but basically to the whole world; secondly, to apply a system of safeguards which minimizes the spread of nuclear weapons and reduces the risk of nuclear war. Of course, there are dangers even in the peaceful use of nuclear energy. The risk is that the use of peaceful nuclear energy can in some circumstances be turned to a weapons use and this is a situation which has concerned us and some other countries very directly. Now there has been some suggestion recently that Canada has softened its position with respect to non-proliferation. That was based on some reports with respect to Argentina where we had taken a strong line against making atomic energy available, because of their attitude with respect to non-proliferation. We had made an

agreement with Argentina whereby they would pay us additional funds for the nuclear plant which has already been largely installed in Argentina. There was no new agreement involved. In fact, when the Argentinians raised with me the question of whether we would lower our standards in order to do further business with them, I told them quite straightforwardly that there was no possibility of that whatsoever, and that if that was what they wanted, they would not be able to purchase from us.

We are also in the process of strengthening our non-proliferation treaties with other countries. When Mr. Vance was in Ottawa, I was able to sign with him a treaty whereby the United States and Canada accepted further restraints in our use of nuclear technology and nuclear materials which we exchange from time to time.

The same was true of Japan. In that case, we had already signed the treaty, but one of the last acts of the Japanese Parliament before it dissolved for the election was to ratify the protocol which Japan had signed with us to upgrade these nuclear safeguards and we are now negotiating even with countries that we trust. We want to apply additional safeguards to everybody in the world. We can't pick and choose among countries, so we have to apply them to everybody.

We intend to place a great deal of stress on this issue in the months to come. We think that even at a time when it is more difficult than at other times to arrive at agreement on weapons, that we will be able to do it with respect to the non-proliferation of nuclear materials and technology.

Also, there are the mutual and balanced force reductions that are being discussed in Vienna. These are a good example of an arms-control activity in which Canada plays a direct role. Since 1973, NATO and the Warsaw Pact countries have been seeking agreement on ways to reduce the levels of the opposing forces in Central Europe. Although, we have not yet got agreement in these negotiations, both sides find the dialogue useful, and Canada certainly continues to believe that a reduction of forces in Europe by both NATO and Warsaw Pact countries would ease East-West tensions and improve confidence. Besides being important in itself, this could lead to further progress in arms control and disarmament.

Conventional arms policy

The limitation of conventional arms transfers continues also to be a priority for Canada. Over the years we have implemented a restrictive policy on the export of military equipment, and this is a good example of an area in which Canada makes its own decisions. When we reflect on the large number of wars since 1945, all fought with conventional weapons, this obviously becomes an area requiring increased attention. Canada has urged greater involvement by the United Nations through — as a first step — the collection of information about conventional arms transfers through reporting by states. There is strong opposition to controlling the production and transfer of conventional weapons, but Canada will continue to press for greater openness and, subsequently, for agreed measures of control.

Canada is also contributing to current international negotiations and other disarmament work in other ways. We are still interested in pursuing the strategy of suffocation announced by the Prime Minister at the Special United Nations Session on

Disarmament in 1978. At that time he suggested that the international community should attempt to reach agreement on four measures which, taken together, would slow down and eventually stop the strategic nuclear arms race. These measures were: a comprehensive test ban; a ban on the flight testing of new strategic delivery vehicles; a ban on the production of fissionable material for weapons purposes; and an agreement to limit and then progressively to reduce military spending on new strategic weapons systems. To date, the reaction of these proposals by the nuclear-weapon states has been less than enthusiastic. In particular, there is opposition to bans on the production of fissionable materials for weapons purposes and, pending further progress in the SALT negotiations, on the flight testing of new strategic delivery vehicles. We agree that SALT must have priority, but we will not abandon our ideas, and we intend to raise them again as often as we believe it appropriate.

We are also pressing the United States, the Soviet Union and the United Kingdom to complete their negotiations on a comprehensive test ban treaty. We had hoped that a draft agreement might be reached before the Review Conference on the Non-Proliferation Treaty, but the current international situation has not made that possible. Meantime we are participating in work on the verification arrangements for a test ban.

Unfortunately, there is no evidence of willingness to slow down military spending on new strategic weapons systems, which is the fourth point of the strategy of suffocation. Unless we can reduce competition in new weapons technologies we will have little success in stopping the arms race as a whole.

But the ratification of SALT II and the beginning of negotiations on SALT III would be important indications that the development of new strategic weapons systems could be brought under control. These steps would indicate to the world that neither side wishes to create the impression of attempting to gain superiority, either by attacking the other in a first strike or by deliberate concealment of military capacities. Canada does not manufacture or purchase strategic weapons of any kind for her own use. Nor, in fact, do we have nuclear weapons. We are the only country really which has that capacity which has not taken advantage of it. We have to bear in mind the implications for control of new military equipment, and in each case ask two questions: is such equipment of a type which can be concealed easily? Does it threaten to upset the East-West military balance?

Disarmament studies

Canada is also contributing to United Nations studies on disarmament, especially to those relating to the effects of nuclear weapons, confidence-building measures, and the relationship between disarmament and international development. For example, the Department of External Affairs has funded two studies — one undertaken at l'Université Laval and the other at the University of Waterloo. The Laval study examines the impact that disarmament would have on the Canadian economy. The Waterloo study investigates the utilization of resources for military purposes in Canada and their impact on Canadian industry. Through contracts such as these, as well as contributions to Canadian organizations concerned with arms control and disarmament, the Department has been encouraging research and stimulating public information activities in relation to arms control and disarmament. We have also

begun publication of a disarmament newsletter to help interested Canadians keep abreast of developments and activities in this field.

As Dr. Leddy knows, a consultative group of representatives of interested non-governmental organizations has met twice under the chairmanship of the Adviser on Disarmament and Arms Control Affairs. I hope the work of this group will lead to better mutual understanding of points of view and to practical measures of co-operation on education and research. The success of this consultative group leads me to think that the time may soon be ripe for the creation of an autonomous association for arms control and disarmament in Canada. Such an association could bring together experts and interested members of the public to analyze and evaluate the critical issues. We in government believe that it is important to raise the level of debate in Canada on these issues. Too often we have accepted without question the terms of the debate as it is conducted across the border or in Europe. In addition to focusing interest, such an association could also assist the government by providing reports and ideas on, for example, the negotiation of verifiable agreement — that is, realistic, practical and forceable agreements. Declaratory and vague proposals can lead to disillusionment and to the discrediting of the institutions which espouse them.

World federalists, I believe, have a special interest in pursuing measures which effectively strengthen the structure of international institutions, in particular the United Nations. As Secretary of State for External Affairs, I will follow this course of action and I look to non-governmental organizations to provide support. The recent decision of the government to appoint an Ambassador-at-Large for Disarmament testifies to our determination to encourage and seek arms control and disarmament agreements, as well as to our conviction that there will be continuing opportunities for constructive initiatives by Canada.

In summary, arms control and disarmament will be an important part of Canadian policy in the 1980s. We will continue to work with our allies and others to make negotiations successful; but we will also continue to reserve our right to speak out when we think that the pace is too slow or the agenda is too narrow. In this decade, even more than previously, arms control and disarmament is a security imperative. Canada is and will remain a member of NATO. Our security depends on co-operation within that alliance to prevent war. But at the same time, there is no doubt in my mind that the control and limitation of armaments, through negotiation, must be a vital ingredient of Western security policy.

**Mutually-
agreed
disarmament
best choice**

In my view, not only is there no gulf between security and disarmament, but there is actually a continuity. I believe that we cannot have real security without having at the same time disarmament. Now I do not want to be misunderstood. What I'm speaking of is mutually-agreed disarmament. I believe that the arms race is better security — if we have to have an arms race — than unilateral disarmament. The powerlessness of the West in the Thirties led to war, just as surely and also with much worse consequences than the arms race did before 1914. But I think both of those are really second best choices. The best choice surely is mutually-agreed disarmament. I say that because of the cost of an armaments race, the expenditure of resources which is required in terms of the involvement of human lives, but most of all because of the

instability which is inherent in a situation where nations are madly rushing to arm themselves with the latest weapons before somebody else or to catch-up with what the other person has done. That instability I think is not something which can be remedied by a further arms race, by continuing it or by escalating it. The only remedy for that kind of race is the agreement among countries to disarm.

Some might say that the alternatives are disarmament or destruction. I don't see the alternative as that stark. I see it rather as a choice between disarmament or insecurity. Always, of course, understanding that the disarmament that I mean is mutually-agreed disarmament. So that I see a real link between disarmament and security. Disarmament, I believe is a security imperative. We cannot have real security in the true and real sense of the word unless we have disarmament, unless we have that as a goal towards which we are progressing. The world cannot live on the point of constant frustration, constant instability, constant escalation of the arms race.

That I think is the choice that we have, the choice which is the path the government of Canada has taken. It's the path of seeking several things simultaneously, things which perhaps at first blush may not seem reconcileable. Of seeking at the same time the strength to protect ourselves but not feeling that we have to indulge in the latest search in weaponry and at the same time the search for disarmament. I would repeat that disarmament in our view must be by agreement. It must not be unilateral. I think that would be the worst possible choice. But I believe that there are enough similarly-minded countries in the world, and enough similarly-minded people in the world in all countries, that if we pursue this double goal with determination we will be able to increase very greatly the chances of world peace.

Canada has taken initiative before. We have been the country which has been most permanent in peacekeeping. And this really is another form of peacekeeping, this search for disarmament, and that will be one of the major goals of the government, because it is a goal without which we will all be the poorer, the world itself will be weaker and certainly without which the world would be permanently unstable. And I think that you can rest assured that there will be no flagging in our determination to press the countries of the world in the direction of as complete a disarmament as is possible at the present time. That is our goal and I hope that, with the assistance of groups such as yours, we can achieve that goal.



Statements and Speeches

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CHANNELLING THE WINDS OF CHANGE INTO COLLECTIVE ACHIEVEMENT

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Thirty-Fifth Regular Session of the United Nations General Assembly, New York, September 22, 1980

During the Special Session of the Assembly on economic co-operation, I had the honour of appearing here twice to address the Session. Different evaluations will be made of the results of the Session but none of them will term the exercise a full success. The world's economic problems, however, remain starkly visible: hundreds of millions of lives wasting in poverty; the development goals of many developing nations knocked askew by soaring bills for essential imports; recession in the industrialized world. Solutions are not easily available. The issues are complex. Quite clearly, approaches vary. In many respects, the Special Session's difficulties in reaching agreement reflect the difficulties inherent in the world's economic problems. However, I urge all nations to look towards productive compromise on the negotiating issues so that the process of trying together to deal with the problems can go forward. This General Assembly provides that opportunity.

Canada
increases aid
program

Meanwhile, governments need to look hard at their own efforts to contribute to economic redressment. As announced to the closing meeting of the Special Session, Canada will, for the rest of the decade, be increasing its aid program. We are also studying other areas where our contribution to development can be improved.

Mr. President, the world which this Assembly reflects is one buffeted by change.

Both a dynamic of development and an irresistible force, change is obviously, in many circumstances, a mixed blessing.

It can be volatile, destabilizing. Northern and Southern methods and cultures meet and sometimes clash. Accelerated aspirations are often frustrated. People fear change: they may reject it, often after breakdowns occur, or suppress its social and political expression, which can be an invitation to revolution.

But change will go on and must go on. We must, whenever possible, make both technological change and social change acts of progress. The task of our world organization is to prompt and channel change into positive and predictable directions. The end lesson, as far as the work of the General Assembly is concerned, is that economic development and the orderly adaptation to its dynamic of change are basic ingredients of peace and security.

For example, I say again that there cannot be authentic or enduring security in the world as long as there is widespread global poverty and economic injustice. Increasingly, we recognize the economic interdependence of the nations of the world. This reflects both an economic fact, and a method of approaching issues. Our interde-

pendence is a sign of changing world relationships and is also a response to the dynamics of rapid change itself.

The North-South dialogue has its political dimension, as can be seen in most world crises. And just as we must accept change in our economic relationships, and reject intervention and the economic subordination of one country by another, so we reject the political and military equivalents. Just as we are strengthening our international instruments for promoting and channelling economic change, so must we continue to strengthen our methods and means for promoting international peace, and social and political justice.

Mr. President, a glance at our political geography can help to illustrate.

Where is there greater evidence of resistance to change than in the perpetuated insult which *apartheid* in South Africa represents to any human being who cares about human dignity? "Oh, but they're beginning to change," I'm told, "don't disturb the process." What process, Mr. President? Where are the changes? A minority of Whites still totally dominates a majority of Blacks through repression, force, and a society and system rooted in racist supremacy. This is not acceptable in any form and it never will be. South Africa must recognize the inevitability of change.

Mr. President, we again welcome Zimbabwe to this body. We applaud the changes which their presence here represents.

Similarly, we look forward to the day when we can welcome the representatives of Namibia to the General Assembly as a member state. After more than three years of intensive United Nations' effort, Mr. Chairman, the settlement expected in Resolution 435 is within our grasp. Technical arrangements are in hand. Only the commitment on the part of South Africa is missing. Right now, the circumstances for reaching a final and peaceful settlement are promising. If left untended, they will only deteriorate. A team of the Secretary-General's officials is to meet shortly with representatives of South Africa in an effort to clear the way for reaching that final settlement. The consequences of continued resistance to change will be severe.

Afghanistan

It is with the deepest and most troubled apprehension that we contemplate Soviet action in Afghanistan, Mr. President. What is the occupation of that non-aligned country if not old-time great power behaviour of the kind the United Nations was formed to eliminate? What has this invasion meant to us all? The process of East-West *détente*, of vital importance to the world community, is now undermined, world peace itself is now more fragile, confidence about intentions is now shaken, non-alignment is certainly now in jeopardy, and lastly, the flouting by the Soviet Union of the solution proposed last January by the huge majority of states in this Assembly, and particularly of the call for the early and unconditional withdrawal of all Soviet troops, inevitably colours our reaction to positions the Soviet Union takes on other issues before this Assembly. We again call on the Soviet Union to restore to Afghanistan the sovereign rights which its people are entitled to expect and deserve.

Kampuchea

Mr. President, Kampuchea. There again, the invasion of a small nation by a powerful

neighbour, to impose its solution, its views, its regime. There again, an outpouring of refugees looking to the world for survival. Is this what some leaders consider Realpolitik? Strike when you can, take what you can? What cynicism, Mr. President. Kampuchea, racked for decades by other peoples' wars, and then by a regime of undistilled destruction is a global concern. Many of us have joined Kampuchea's neighbours to keep the survivors alive and to settle the refugees. But the real problems of the area require a political solution, and we emphatically reject the occupation of Kampuchea, the attempt to control change by force of arms, which Vietnam's invasion by definition represents.

I welcome and support the vigorous efforts of the ASEAN states to promote an equitable solution to the issues. I urge the international community to persevere in this just cause, and not to accept that a *fait accompli* has been imposed by Vietnam.

Middle East

Mr. President, the Middle East. Is that situation to exacerbate this Assembly for the next 30 years? Has the past not taught us how dangerous a state of continual, unresolved tension can be — for the people of the area itself, as well as for the world as a whole? Respect for the sovereignty, territorial integrity and independence of every state in the area, and for the right of all states, including Israel to live in peace within secure and recognized boundaries, must remain a cornerstone in efforts to reach a comprehensive solution to the Middle East dispute. There must also be recognition of the legitimate rights of the Palestinian people. Like other peoples, they are entitled to political expression within a defined territory, and to participation in the negotiating process to find a just and comprehensive peace settlement.

The current negotiations have led to a peace treaty between Israel and Egypt. There has been progress in dealing with serious problems, but difficulties remain. Further decisions must soon be made or else achievements to date will be jeopardized with all of the consequences that this would entail. Whatever the method or forum, I urge all parties to recognize the force of change, and to move away from confrontation and violence to moderation and compromise.

Mr. President, the above situations are some, but by no means all, of those where there is a threat to world peace through resistance to change, or the recourse to arms to impose change. In different ways, they serve to illustrate the need to abandon prevailing methods to resolve conflicts through collectively developed machinery rather than by reversion to the rule of force. The world will not become more stable in the next decade. Change will accelerate. There is a real probability that some may try to exploit vulnerability to their own advantage. Determination to channel and control the volatile impact of change into constructive, peaceful directions is necessary. First, however, we need to break away from old patterns of approach and attitude.

North-South problems

The North-South dialogue is an obvious example. We must recognize our global responsibilities, but resist the notion that every problem must have a global, generalized solution. I also think that there are issues, and stages of discussion, where bloc-to-bloc negotiation will be less careful. By illustration, I think of the Law of the Sea Conference. There a complicated array of different country groupings arranged to correspond to differing economic, political and even geographic interests, have

wrestled with long-standing questions of principle and tradition. This method has enabled them to draft, in effect, a new constitution for two-thirds of the world's surface in the more pragmatic, realistic, and I believe productive, way which a pluralistic approach can afford. Change demands such departures from accepted dogma and I believe that our approach to North-South issues is clearly in need of both stimulation and reform.

Potential for UN Secretariat

Another area of potential institutional improvement is the United Nations Secretariat itself. The office of the Secretary-General has unique value as an instrument for attenuating conflict. The government of Iran still keeps United States' diplomatic personnel hostages, almost a year after their forceful seizure. Although the tireless efforts of the Secretary-General to arrange a solution have not yet achieved their objective, they illustrate the potential of his office for promoting solutions — at least in other, less unreasonable and chaotic circumstances. In the past 35 years, his predecessors have, in fact, often led the organization into significant developments, such as peacekeeping operations, which improved our collective ability to manage conflict. Yet there is a potential for further improvement, to increase the organization's capability for mediation of conflict.

Cyprus is a case in point. There, we need a two-pronged effort to heal the divisions which have plagued its two communities since shortly after independence. First, peacekeeping efforts should continue. Canadian Armed Forces have served with the United Nations Force in Cyprus for 16 years, and Canada intends to maintain its contribution as long as active efforts to achieve a settlement continue. Second, direct mediation efforts by the Secretary-General and his representatives should be encouraged to promote substantive negotiations with representatives of the two communities, in order to resolve their differences peaceably. In this case, peacekeeping and mediation go hand in hand, both dependent upon the skill and dedication of the United Nations Organization to further our common aim of ensuring peaceful change.

By a similar token, I believe that greater use should be made of the Secretary-General's charter responsibilities in acting with the authority of his office in situations arising from violations of human rights. For many years Canada has introduced and supported proposals in the General Assembly to reinforce the organization's abilities to promote and protect human rights.

I continue to support the concept of a High Commissioner for Human Rights and the strengthening of the Commission on Human Rights' role for review and enquiry. Although the attainment of these objectives may take some time, interim solutions are available. I urge the Secretary-General to use his good office functions where the evidence of human rights violation is sufficiently serious. All states should extend their co-operation to alleviate difficulties in a non-confrontational manner and to further the interests of international co-operation.

Neither the political nor the humanitarian roles which I have suggested demand changes in the United Nations' Charter or fundamentally different mandates from the General Assembly. Rather, these roles rest on a willingness of member states to respect the Charter, to recognize the desirability of channelling the winds of change

into constructive directions, and to abandon old behavioral patterns.

Disarmament

Another area to which the Canadian government attaches special significance is disarmament. At this General Assembly, the mid-point between the First and Second Special Sessions on Disarmament, I welcome the much greater attention which the United Nations gives to the subject, although I regret the lack of specific and ratified agreements on further measures of arms control and disarmament. Are the peoples of the world not entitled to feel impatience, for example, that our governments have still failed to negotiate a nuclear test ban treaty which can be accepted and ratified by all states? Or that a treaty to ban chemical weapons remains blocked by disagreement over means of verification?

Canada is committed to breaking the pattern of madness which spiralling rearmament represents. Our recently appointed Special Ambassador for Disarmament will be working at this Session towards the goals set out by Prime Minister Trudeau two years ago at the Special Session on Disarmament, especially those that restrain and cut back the competition in strategic nuclear weapons. Without restraint in this area, we can have little reason for optimism that the proliferation of nuclear weapons around the world can be stopped. As a first step, we will pursue vigorously the cessation of the production of fissionable material for nuclear weapons.

Mr. President, breaking the patterns of the past, adapting to change, improving our collective machinery — these are the emphases we should give to this Assembly's work. When countries revert to outdated type — by hanging on to privileges, using force, keeping self-serving methods of approach to the issues — our collective achievement is diminished.

Law of the Sea

As an example, may I return briefly to the recent United Nations Conference on the Law of the Sea.

The emerging Law of the Sea treaty will be robbed of much of its meaning without universality and durability. Both those conditions will be obtained only if all interested parties commit themselves to a consensus which is fair to all. We have not seen such a consensus in at least one vital area, that of seabed mining. If, for example, the interests of the land-based mineral producers, including Canada and many developing countries, are ignored or overridden by the desire of some states to secure unrestricted access to the mineral riches of the seabed, then the future of the Law of the Sea Treaty may be badly compromised. The problem can only be compounded by states stepping outside of the internationally-agreed framework to play the game by their own set of rules.

In order to bridge the gap between producing and consuming countries and find a common basis of agreement on this issue, we have joined a number of countries from the developing world in initiating an independent United Nations' study to determine the impact of the seabed production formula proposed by the major mineral-consuming states. I hope that the results of the study will encourage a fresh look at the whole question. That fresh look could be crucial to the future of the new convention, which, in turn, is crucial to the future of us all.

The recent law of the sea experience is instructive in two different respects. First, it has demonstrated that serious negotiations, carried on within a sensible, practical framework, can resolve difficult questions involving deep changes in approach to issues where the willingness to do so exists. Second, it demonstrates, in perhaps the most cogent possible way, that no institution, no matter how well conceived or well administered, can function in the absence of agreement on such a fundamental question as adhering to the principle of consensus.

Mr. President, I have spoken about change in the international system and I have tried to underline our collective responsibility to ensure that the forces of change lead in positive directions. This Assembly is itself a symbol of change in the world. Three times as large as it was 30 years ago, with quite different emphases in its work, it needs now to set its imperatives against the ideals identified in the Charter. Although the Charter was drawn up in the absence of most countries represented here, I am sure that those ideals still represent a valid framework for our endeavour. Indeed, they are constants in a sea of change. I urge our rededication to them.



Statements and Speeches

No. 80/18

DISARMAMENT AND DEVELOPMENT

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to Parliamentarians for World Order, New York, September 23, 1980

Those of you who follow closely the affairs of the United Nations know that, for almost a decade, increasing attention has been directed to the search for mechanisms to narrow the economic gap between developed and developing countries — the so-called North-South dialogue. Inevitably, this process will eventually require the diversion of a significant proportion of the world's resources to those nations most in need of economic development. Today, it is generally conceded that this task is of paramount importance. Indeed, there are those who argue that it is more than simply desirable; they feel it is vital if the international economic order is not to fall into stagnation and chaos.

Efforts to achieve a more just economic order must consist of a number of initiatives, many of which have been discussed intensively for some time. In general, they are most aptly and comprehensively considered in the report of the Brandt Commission. Today, I wish to discuss one of those initiatives — one which is rooted in the relationship between development and disarmament.

Development and disarmament have been linked, particularly by the developing nations, for obvious reasons — reasons which the Brandt Report elaborated at some length. I quote in part:

"The armaments of the superpowers and their alliances represent a precarious kind of balance which, given present political conditions, contributes to preserving world peace. At the same time, they represent a continuing threat of nuclear annihilation and a huge waste of resources which should be deployed for peaceful development. The build-up of arms in large parts of the Third World itself causes growing instability and undermines development. A new understanding of defence and security policies is indispensable. Public opinion must be better informed — of the burden and waste of the arms race, of the damage it does to our economies, and of the greater importance of other measures which it deprives of resources. More arms do not make mankind safer, only poorer."

To put the argument another way: if even a small fraction of the more than \$500 billion spent annually on military purposes were to be added to the \$20 billion now spent on aid, the possibility of making much faster progress on solving development problems would be greatly enhanced.

We must keep in mind, however, that if we speak of development and disarmament only in relation to each other we ignore a number of important and even overriding factors. For example, our analysis will be incomplete — perhaps worthless — if we consider disarmament without taking account of the concept of security, of which

disarmament is a part. This results from the fact that for the two military alliances in the developed world, security rests chiefly on a system of deterrence, the essential component of which is a stable balance of forces. Thus, mutual deterrence has been the main element throughout the past 35 years in preventing a war in which the most powerful weapons ever available would be used. This form of security is clearly not ideal, since it carries with it the risk of mutual annihilation. Real security will be achieved only when there is a disarmament which has international agreement and is verifiable.

At the present time, however, our world is so far from that goal that we have to define our immediate disarmament objective as the pursuit of undiminished security at lower levels of armaments, both in terms of destructive capability and cost. We believe that this is a disarmament objective which takes account of both the economic aspect of the arms race and the essential concept of security. It is also an objective on which the developed and developing countries should be able to agree. It is understandable that the developing countries prefer to look at armaments expenditures by developed countries and to emphasize the economic motivation for disarmament. But I believe that the disarmament objective we have chosen makes it possible to discuss development and disarmament in a more realistic context.

**Canada
supports UN
study**

Canada sees advantages in highlighting the economic costs of a continuing arms race and, conversely, the benefits of some degree of disarmament — and for that reason we have provided material support for a study in depth of this subject by the United Nations. We think it is valuable to focus attention on the volume of the world's resources devoted to military purposes, as well as to study such questions, for example, as the likely effects on the economies of developed countries if significant reductions were made in military expenditures. I also believe that because the Third World countries adhere to the notion of a close relationship between development and disarmament, we should also examine the level of military spending in those countries.

Annual global military expenditures are now estimated to be \$500 billion. This is equal to more than \$1 billion a day or, if you wish, almost \$1 million a minute. Since the Second World War, the direct costs of the arms race have exceeded \$6 trillion, almost as much as the gross national product of the entire world in 1975. Six countries — the Soviet Union, the United States, China, France, the United Kingdom and the Federal Republic of Germany — account for about 72 per cent of world military spending, about 96 per cent of all research and development for military purposes, 90 per cent of all military exports and 95 per cent of exports of major weapons to developing countries.

As for developing countries, they have about 50 per cent of the world's population and account for only about 14 per cent of the world's military expenditures, with China accounting for more than two-thirds of this. But while they appear small in the global context, the arms budgets of developing countries loom much larger when compared to their limited resources and their urgent social and economic needs. Unfortunately, the growth rate of these expenditures is running ahead of average world rates, and their share has risen from 6 per cent ten years ago to 14 per cent today.

**Lower military
spending by
some nations**

But it would be misleading to assume that all developing countries have increased military spending at the same rate. In South America, for example, the rate of increase was lower in the five years prior to 1978 than in the five preceding years. In addition, a large part of the over-all increase among less-developed countries is accounted for among Middle East countries, whose average annual growth in military spending has been 13.5 per cent in each of the past ten years, compared to a NATO (North Atlantic Treaty Organization) average expenditure growth of less than 3 per cent. Although increased spending in the Middle East has been due in large part to the tensions there, it is generally true that the higher the income of developing countries, the more rapid the increase in military spending. For example, the military expenditures of OPEC (Organization of Oil-Exporting Countries) increased at an average of 15 per cent annually over the past ten years. Among non-oil-producing developing countries, it increased at a rate of 7.5 per cent among those with higher incomes and at only 3.5 per cent among those with lower incomes.

But the burden of military spending is most effectively measured as a percentage of gross national product. In this respect, the Middle East far surpasses other regions of the world. The defence budgets of 11 countries of that region absorb 17 per cent of their GNP. Egypt's burden, for example, was more than 25 per cent of its GNP in the mid-Seventies; NATO, Warsaw Pact countries and most of the Far Eastern countries average around 4 per cent of GNP, while 32 African countries average 2.5 per cent.

**Conventional
armaments
included**

When considering military expenditures, we should keep in mind that 80 per cent of all spending is on conventional armaments. While we cannot minimize the nuclear threat, we have to remember that conventional weapons have been used to kill 25 million people in 133 wars since the end of the Second World War. For this reason, Canada holds the view that disarmament efforts must not be directed solely to the nuclear threat.

The question of reducing conventional arms sales is an important aspect of disarmament. About two-thirds of the \$20 billion of arms sold each year are purchased by developing countries. In this regard, Canada has supported the establishment of a United Nations arms-transfer register. We have done so not to deny developing countries the right to provide for their security, as some have alleged, but because we believe it would be a useful confidence-building measure, especially among arms-importers in the same region, and because it could eventually lead to a reduction of this burden on developing countries, thereby providing more resources for development. Unfortunately, this proposal has not progressed, chiefly because of resistance from most arms-importing developing countries, from the East Bloc and even from some Western arms-exporting countries.

Although the proportion of GNP spent for military purposes in developed countries is only about 4 per cent, a significant number of companies in these countries depend on military expenditure for their existence. Over the years, it has been argued that military spending is good for the economies of developed countries, especially, for example, in the realm of high technology. In fact, in recent years a much larger volume of high technology development has resulted from non-military research and

development than was previously the case. During the Sixties, also, a number of studies concluded that although problems would ensue for certain industries should military spending be reduced significantly, these difficulties would not be insoluble.

In the light of these factors, the United Nations in 1978 directed that an expert group undertake a study on the relationship between disarmament and development or, more explicitly, to determine how disarmament can contribute to the establishment of the new international economic order. Among other things, the study will investigate measures to minimize transitional difficulties which may arise in moving from military to non-military industrial production. It will examine, for example, advance planning for change-overs, phased withdrawal from military production, worker retraining on relocation, identification of new markets and such policy options as tax concessions, subsidies and compensation. Should the results of the study reassure those whose employment now depends on military production, they can help in lessening the resistance to disarmament which inherently accompanies such employment.

**Canada's
contributions**

Canada is contributing to this massive study in a number of ways. The Department of External Affairs has funded two studies dealing with the impact of Canadian and American military expenditures and the impact of disarmament on the Canadian economy. At the time when the comprehensive UN study is completed and made public in September of 1981, the government of Canada will publish a version of it designed for popular reading by the public, again in an effort to heighten public awareness of the issues and lessen anxieties about the effects of disarmament.

Canada's commitment to advancing the disarmament process is exemplified in a number of other steps which have been taken. One is our recent appointment of Mr. Arthur Menzies, formerly our Ambassador to the People's Republic of China, to be our Ambassador-at-Large for Disarmament. We are also gratified that a distinguished Canadian diplomat, Mr. Robert Ford, has been asked to join the Palme Commission on disarmament and security issues. This is an independent group of eminent persons which will study and report on the problems of disarmament.

**Problem of
refugees**

Before closing, I want to touch on one other aspect of military conflict which impinges directly on many developing countries. This is the tragic phenomenon of millions of refugees who have flooded into developing countries in recent years in the aftermath of armed conflicts. In almost every case, the nations which have had to bear the burden of these massive population movements have been developing countries — countries whose precarious economies are marginal at best and who can ill-afford the burden of providing for additional populations. It is presently estimated that about ten million people today are refugees. And the number has been growing at an estimated rate of 3,000 persons a day over the past three years.

This phenomenon is demonstrated dramatically in the horn of Africa, in Pakistan and in Southeast Asia. As one example, in Somalia at the present time there are approximately 800,000 refugees living in camps and a similar number living outside camps. We are told that the situation is getting worse. Although some international food aid has been forthcoming, nevertheless the Somali government has had to

advance substantial resources out of its own food stocks to cover the deficit. For Somalia, one of the world's 25 poorest countries, this has meant an expenditure of more than \$40 million in food aid — a siphoning off of scarce capital and manpower resources which, in other circumstances would have been allocated to development.

In conclusion, I want to say something about the role we can play as parliamentarians in pressing for recognition of these pressing realities in our world today. The problems of disarmament have been with us for several decades; the shape of the new economic order has emerged more recently. But recognition of our difficulties has not necessarily brought us closer to resolving them. And for many, this failure brings the risk of discouragement, despair and cynicism. In the final analysis, that may be the greatest impediment to breaking down the barriers to effective action.

As legislators, we can play a catalytic role in persisting in our quest for a more just and secure world. As politicians, too, we can provide a much-needed leadership in sensitizing the people we represent to the need for perseverance in changing the old patterns, in building new perceptions of humanity in an interdependent world. We must reject the notion that it is naive to pursue disarmament in a world whose existence is threatened by the armaments of two superpowers. Likewise, we must help our people to understand that it is imperative to work towards closing the economic gap that separates the world into the very rich and the very poor.

A few weeks ago at the Special Session of the General Assembly on North-South issues, I pledged to lead a campaign in Canada to sensitize the Canadian people to the need for adopting new approaches to aid and development. I did so because I believe that initiatives of this kind can go far to move the parliamentary process to deal with the broad new difficulties that have resulted from change on many fronts in the world. I suggest that others can make the same kind of commitment in their own countries. And I hope that through actions of this kind the barriers to fruitful negotiation can be broken by the understanding and humanity demonstrated not only by those in high councils, but by the moral force of ordinary people throughout the world.

Finally, we must directly face the relationship between disarmament and development. While disarmament would clearly free resources for development, without more it would not guarantee that they would be utilized for that purpose, I want to suggest to you the idea of a process of disarmament for development, which could become a major initiative of Parliamentarians for World Order. Your initiative could include development of a formula for redeploying resources now invested in armaments which would earmark a specific percentage of the diverted funds to official development assistance. Within a context of global disarmament, such a proposal might find support.

In making a similar suggestion three years ago, Olaf Palme said: "If two trends which threaten peace can be transformed into one process that would enhance the possibilities of peace, why should we not do our utmost to attain this change of direction?"

Parliamentarians for World Order could be the agent for change in bringing about this new direction. I wish you well in your deliberations.

S/C



Statements and Speeches

No. 80/19

THE COMMONWEALTH AND GLOBAL DEVELOPMENT

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Royal Commonwealth Society, Toronto, October 9, 1980

Tonight I will speak to you briefly about an aspect of Canada's foreign policy which will be assigned a very high priority during the Eighties and which makes a direct impact on not only the economic well-being of Canadians, but on a very large proportion of the world's population. This priority is the evolution of a new international economic order — one which takes account of changing realities in the world, and one in which the Commonwealth can and will continue to play a very important role.

At a number of points in the past decade, it has become quite clear that for the vast majority of the world's nations, the economic *status quo* is no longer acceptable. The quest of developing nations for a more just share of the world's resources is supported by the recommendations of a number of reports, notably those prepared by Commonwealth experts and, earlier this year, the report of an independent commission chaired by Willi Brandt.

The need for the so-called North-South dialogue is mirrored in the present nature of the Commonwealth itself, which embraces a full range of the economic conditions in which the world's people live and which reflects, on a smaller scale, the global gap between developed and developing countries. Members of the Commonwealth comprise 25 per cent of the world's population and 45 per cent of the population of the developing world. Of the 800 million of the world's poorest people (excluding the Socialist countries), some 80 per cent live in Commonwealth countries. Of the 31 least developed countries, eight are members of the Commonwealth. Of the 43 countries most urgently in need of food, 11 are in the Commonwealth. The Commonwealth is, therefore, a microcosm of the world's problems and aspirations.

Given the global nature of the imbalances in access to the world's resources, it has become quite evident that global solutions will have to be found in the long run. This will require a degree of change unparalleled in modern history, and will involve the restructuring of many of the institutions we have traditionally used to transfer resources. A brief list of the challenges that must be taken up would include the following.

First, there is the plight of almost a billion people — the world's poorest who live on the borderline of human existence. For them, priority must go to providing the most fundamental of human requirements: food, shelter, health care, sanitation, clean water, education — things which all humans have a right to expect.

For other countries struggling with the complexities of economic development, there are a host of changes necessary if they are to begin to achieve even their most modest goals. For example, more rationality and order must prevail in the field of com-

modities and raw materials if the developing nations are to be able to predict and plan for their future. This is a complex problem, and solutions will depend on more assured access to finance, to technology and to markets. Each of these needs is itself surrounded by certain difficulties and there is not always agreement about the solutions.

We know, for example, that over the past five years the gap in access to finances has widened — particularly for those developing countries which must import the oil they need for industrial development. It is now quite evident that we have to adapt the international lending institutions to alleviate the impact of these structural difficulties.

We also know that more imaginative approaches to the sharing of technology are essential — approaches based on bilateral, trilateral or regional co-operation.

Access to markets is absolutely essential to developing countries. In part, this can be achieved through multilateral trade negotiations. But equally essential is the access they have to markets in developed countries — an objective that is frustrated by protectionist measures in the latter countries.

Food security is another pressing issue. If we cannot reach agreement on ways of increasing food productivity in developing countries within the next decade, their combined food deficit will have increased by as much as four times.

The level of expenditures on armaments is not only a threat to world security. It cuts heavily into the resources that could be made available for development. This year we will spend about \$450 billion on armaments, and only about \$30 billion on development assistance.

Role of Commonwealth

Against this background, what might be the role of the Commonwealth — not as a collectivity of nations, but as an institution having a demonstrated capacity to effect change and, on occasion, to play a key role in making vital political change possible? Nowhere has this been more amply demonstrated than in resolving the difficulties in Zimbabwe, a country whose admission to the United Nations I had an opportunity to witness at the General Assembly a few weeks ago.

From a number of perspectives, the Commonwealth enjoys many advantages for effecting change in North-South relations, even though it is itself composed of nations belonging to both developed and developing nations. For one thing, it serves as a bridge between the two groups of nations, by promoting an awareness of mutual Commonwealth interests and interdependencies — and in this it again mirrors the growing interdependent nature of our world.

The Commonwealth also provides a rare opportunity for high-level consultations in an informal, frank and intimate setting, avoiding the rhetorical or adversary character of certain other international fora. More importantly, it need not be dominated by bloc-to-bloc attitudes or strategies — factors which too often result in the rigidity and inflexibility which hamper international resolution of problems.

It can also facilitate the mutual influencing of perceptions and the moderating of extreme positions, thereby generating more balanced and pragmatic approaches to problem resolution.

Its function is best summed up in the words of its Secretary-General in his report for 1979: "The Commonwealth cannot negotiate for the world; but it can help the world to negotiate."

**Special
interest**

From Canada's perspective as a developed nation, we have a special interest in advancing the North-South dialogue — a perspective which emerges from our own history. In my recent speech to the Special Session of the General Assembly of the United Nations on this subject, I expressed it this way:

"In many ways, our national history and culture — and our relative youth — have given us a consciousness of many of the realities of both North and South. Nature has blessed us with an abundance of resources that has enabled us to take a place as one of the world's more industrialized nations. But we remain a heavy exporter of natural resources and an importer of capital and technology, and hence we share many of the concerns of the developing countries about the operation of the international system in these areas. Canadians know that our emergence from colonial status could well have proven to be long and costly had we not had available to us the resources on which to build a stable society for a free and independent people. Today, we feel we owe the same opportunities to those states of the world less well endowed by nature and history, so that they may have access to the resources necessary for their orderly growth and social progress."

Our present policy has evolved in the years since the Second World War. In those early years, Canada provided bilateral development assistance almost exclusively to Commonwealth countries — both to Colombo Plan countries and, later, to the newly-independent Commonwealth countries in Africa and the Caribbean. In 1961, we initiated an assistance program in Francophone Africa. This constituted the first development assistance agreements between Canada and countries outside the Commonwealth. This particular program has grown in scope over almost two decades until it has reached a point today where our aid to Francophone African countries roughly equals the level of aid we provide to Commonwealth African countries. In 1979, it was approximately \$140 million. Subsequently we have extended our efforts to numerous countries of Latin America and to other nations, such as Indonesia and Egypt — countries which belong to neither the Commonwealth or Francophone groupings.

In more recent years, Commonwealth countries have received a declining proportion of Canadian aid, although the over-all level of aid provided has more than offset this. In 1979, Canada provided bilateral development assistance (including food aid) to Commonwealth countries to a total of more than \$236 million — or 36 per cent of all of Canada's official development assistance.

In addition to bilateral assistance, Commonwealth multilateral agencies received some \$10.4 million in 1979. The bulk of this went to the Commonwealth Fund for

Technical Co-operation, but amounts were also provided to the Commonwealth Zimbabwe Scholarship Plan, the Commonwealth Legal Advisory Service, the Commonwealth Foundation and the Commonwealth Youth Program.

Within recent weeks, the government of Canada has embarked on an effort to increase the funds it will make available for development assistance. As you know, since 1978 the proportion of our gross national product allocated for assistance had declined. That trend has now been reversed, and we have set a goal of .5 per cent of GNP for development assistance by the middle of this decade, rising to .7 by the end of the decade. This, of course, will result in increased benefits to Commonwealth countries.

It is no secret that the provision of higher levels of official assistance to developing countries does not always receive universal acceptance in Canada. As with most developed countries at the present time, we face a number of short-term political and economic difficulties. Too many people have come to view international development as a matter of charity, rather than recognizing the interdependent nature of today's world. Too many of us have ignored the fact that there cannot be real stability and security in a world in which so many nations remain dangerously vulnerable to economic uncertainty and unable to meet the development aspirations of their people. In brief, as I pointed out at the Special Session of the General Assembly in August, we would delude ourselves if we believed we realistically had other options. To attempt to preserve entrenched privilege is by far the costliest approach in anything but the shortest term, compounding our problems for the future and resulting in further insecurity and instability.

The resolution of some of these difficulties lies also with some of the developing countries themselves. It is difficult to generate support in developed countries for increased aid when some developing countries have so far failed to build structures and develop programs which ensure that there will be more social justice resulting when the time comes to distribute the benefits of international aid.

Key role

But in meeting both of these major objectives — gaining more sensitized public support for increased aid and achieving a higher level of social justice in developing countries — the Commonwealth can play a key institutional role, a role that the heads of government of Commonwealth countries have recognized for some years. For example, the 1979 meeting of heads of government resulted in quite explicit statements about the validity of these goals, as well as the over-all goals necessary for a more just economic order. It is particularly interesting that many of the points of agreement at that meeting paralleled the findings of the Brandt Commission. Some of the key points emerging from the 1979 Commonwealth meeting strike a very familiar echo. For example:

- A recognition that the persistence of mass poverty further highlighted the urgent need for a more rational and equitable economic order.
- The efficient deployment of global resources, providing an equal opportunity for all countries to participate, would require acceptance by all of structural change and the adoption of policies to make such changes possible and to improve prospects for

global economic growth, the restraint of inflation and the fuller employment of human and materiel resources.

— The necessity of improving public understanding of the need for change in the countries participating in the interdependent international system.

— The need for developed Commonwealth countries to recognize the importance of increased and stable flows of aid, finance and investment in developing countries.

We could continue much longer with the list. The point is, however, that the emerging awareness in the world for new economic policies and structures which can make more equitable sharing of the world's resources possible has been recognized for some time by the Commonwealth as an institution. Canada, for its part, will continue to use the Commonwealth — with the United Nations' organizations and other appropriate international fora — as an instrument to achieve these goals.

As some of you perhaps know, considerable disappointment has been expressed over the failure of the recent Special Session of the United Nations General Assembly on North-South issues to meet its objectives. I personally, am still hopeful that with ingenuity and genuine good will we can still find our way around the differences which prevail.

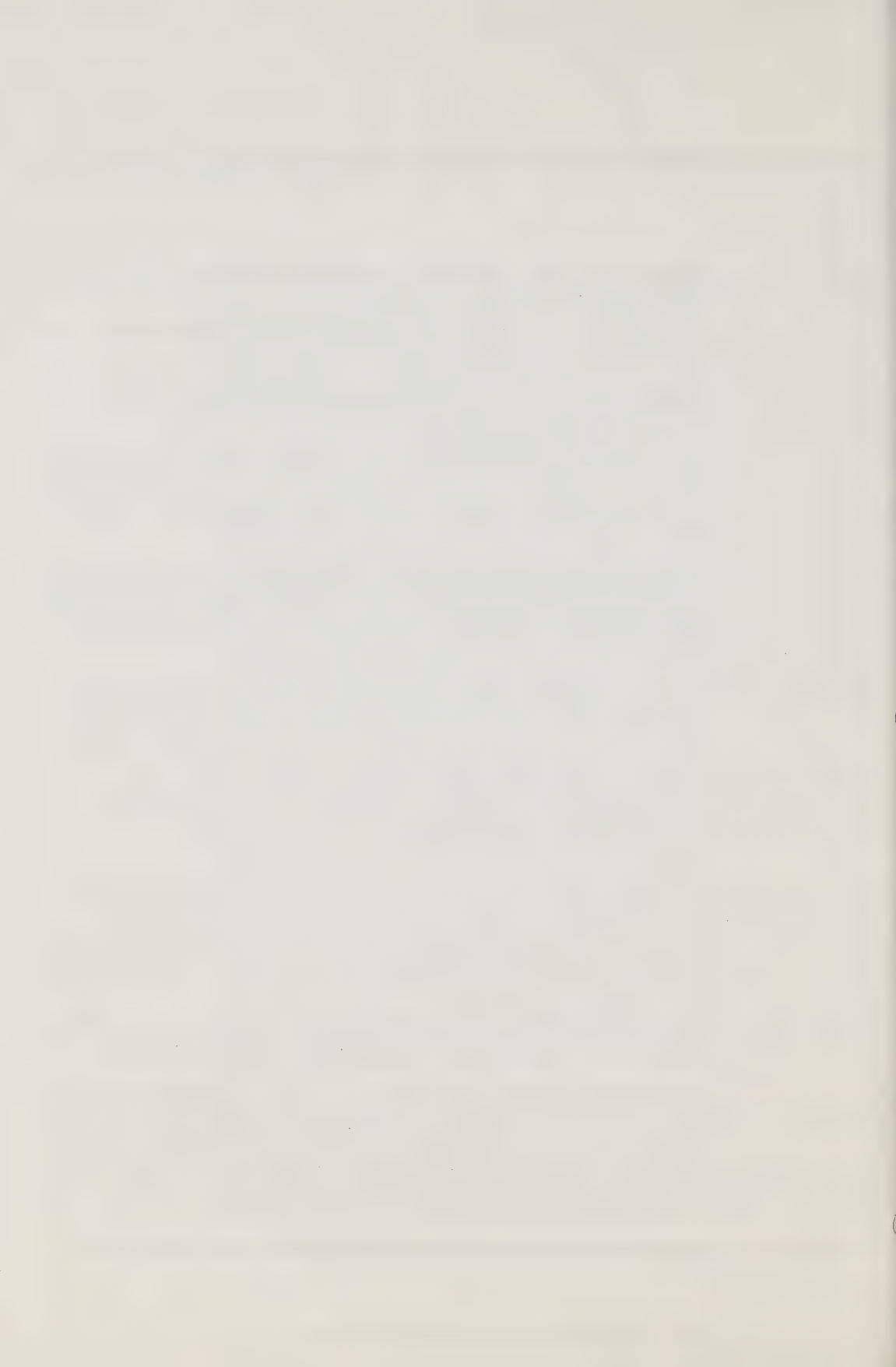
Canadian initiatives

I have said that Canada will continue to utilize, with other nations, I hope, the United Nations' system. But we will also look to other instrumentalities to achieve consensus on useful approaches. For example, at that Special Session of the United Nations, I announced our government's intention to establish a Futures Secretariat under the Canadian International Development Agency. Its role will be to initiate and support activities in Canada which will inform our people and sensitize them to the importance of understanding international development issues. This secretariat will receive the major part of its support from the government, but we hope that it will also be supported by the business community, universities, professional institutions and voluntary associations, whose co-operation is vital to its success.

In addition, we intend to actively support other initiatives in strengthening the North-South dialogue. The Brandt Commission Report proposed the convening of a mini-summit meeting of developed and developing countries to focus attention on the most pressing issues — an initiative in which we will participate fully. We also intend to work to ensure that North-South issues are given a major priority on the agenda of the next summit meeting of the most industrialized nations — a meeting of heads of government which Canada will host in 1981.

Finally, at the Commonwealth heads of government meeting in Canberra, Australia next year we intend to do all in our power to make it the focus of attention — particularly given the presence of leaders of both developed and developing countries.

In concluding, Mr. Chairman, I hope that we can obtain the understanding and support of all Canadians in the search for solutions to the problems I have touched on tonight. For our part, the government will continue to utilize the institution of the Commonwealth because we recognize that — as a microcosm of the North and South — it can continue to play a key role in breaking down barriers to international justice and progress. It has succeeded in this in the past and is now in a position to once again accept this important challenge.





Statements and Speeches

No. 80/20

BRIGHT PROSPECTS FOR JAPAN-CANADA RELATIONS

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at the Canada-Japan Symposium, Toronto, October 14, 1980

Over the years, the *Globe and Mail* and the *Japan Economic Journal* have earned outstanding reputations among businessmen, government persons and academics alike as prominent economic journals and as active promoters of the Canada-Japan relationship. I am therefore most pleased to have been invited to speak to you today, and I applaud the joint efforts of these two media organizations since 1976 in sponsoring this important series of seminars.

I note that this year you have centred your treatment of Canada-Japan relations on the notion of an evolving community among Pacific region nations. The timing of this seminar is excellent on both counts. On the Canada-Japan scene, we just completed the third meeting of the Joint Economic Committee two weeks ago in Banff. In Australia, meanwhile, a major international seminar was held in September at Australian National University in Canberra to study and discuss the concept of a Pacific community.

What I propose to do is tell you something of both events from the government's particular perspective, and more particularly from the point of view of our foreign policy objectives.

The Third Meeting of the Canada-Japan Joint Economic Committee, or JEC, established under the terms of the 1976 Framework on Economic Co-operation signed by Prime Ministers, was unquestionably the best JEC to date. The first meeting in 1977 and the second in 1979 were largely taken up with establishing and settling into this new forum. The Banff meeting, however, demonstrated its development as a more mature and useful mechanism.

It took place at an opportune time, following an active spring and summer highlighted by the Kyoto businessmen's meeting, the visit to Canada of the late Prime Minister Ohira and Mr. Gray's [Minister of Industry, Trade and Commerce], visit to Japan in August. These events carried considerable momentum into the JEC, and Japanese officials were perhaps better aware of Canada and of our concerns than at any time in the recent past.

I think it is fair to say that there were some notable achievements at this third JEC meeting. I realize that the expression "full and frank discussion" is often ridiculed as a euphemism for serious differences, but in the case of the Banff JEC this phrase accurately describes the new and improved two-way communication and understanding that prevailed. This parallels a similar development which Canadian businessmen noticed when they met in Kyoto this May with their opposite numbers. There was some real attempt by both sides to overcome the gap in perception of each

others' aspirations and feelings about the relationship — a perception gap that, in our view at least, has inhibited the realization of greater trade and investment in the important areas of resource upgrading and manufacturing.

Finally, the Banff meeting indicated, in a more convincing fashion than before, that the Japanese are interested in a more diversified economic relationship — one which encompasses investment, joint ventures, technology exchanges, and which envelops and enriches the central trade element. This development remains an important foreign policy objective for Canada *vis-à-vis* Japan.

**Creation of
resource-
processing
group**

There were also some more specific major achievements at the JEC. Undoubtedly the most important of these was the agreement to establish a Working Group on Resource Processing. In this group, which will begin meeting early next year, experts will be able to examine, in detail, industrial trends in all sectors — energy, minerals, forestry, petrochemicals, even agriculture — and to identify opportunities for the upgrading of resources in Canada, with Japanese involvement for supplying the Japanese and other markets. In agreeing to the creation of this group, Japan has recognized the importance we attach to our industrial development goals; as such, it is a very positive development.

We also achieved headway in following up Mr. Gray's mission to Japan in August regarding further acquainting the Japanese with our desire for increased purchases of Canadian automobile parts as well as for Japanese investment in auto and auto parts manufacturing or vehicle assembly plants in Canada. Insofar as this is a private sector matter, we did not expect to achieve any breakthroughs, but the Japanese government can be under no illusion as to the strength of our concerns in this area — concerns which it will not be possible for Japanese auto makers to disregard.

Although we cannot term it an achievement until we see some results, nevertheless the JEC permitted Canadian officials to remind the Japanese that Canadian interests should not be ignored or discriminated against in responding bilaterally to the concerns of Japan's larger trading partners. I cannot over-emphasize the importance of opportunities to repeat this message.

Energy projects

In the energy sector, Japan underlined ongoing and increasingly active interest in participating in major energy projects in the Arctic, in the oil sands and in thermal and coking coal and their liquified products. Naturally, they remain interested in access to the product where Canadian policy permits. The Japanese were reminded that CANDU is also an important bilateral question, and we reconfirmed that its sale to Japan could have favourable effects on all aspects of our relationship.

The agricultural discussions were somewhat less difficult than in the past, and we had some good exchanges on trends which favour increased interchanges in food products. Both sides welcomed the establishment of the informal consultations which have now begun between our Embassy in Tokyo and Japanese officials on the many agricultural trade irritants that inhibit the fuller development of this important dimension of our relationship.

I would not want to leave you with the impression that all the discussions in Banff were easy. We have some real and abiding concerns with the Japanese on a number of issues — particularly as regards trade access — which were raised and discussed at Banff. The automobile issue, the tariff on dressed whitewood lumber, and the quota on squid were three major items. To be fair, the Japanese side also had a number of preoccupations they wanted to discuss with us, perhaps the most important being their traditional worry about Canada's foreign investment climate and the role of the Foreign Investment Review Agency.

**Positive
aspects**

But on the whole, the tone of the third JEC was "up-beat" and our exchanges on points of difference were directed to better understanding and to searching out possible solutions. While none was reached, the consciousness of the effort to bring improvements was a welcome change from some previous discussions we have had.

One reason why I welcome seminars such as this is the opportunity they provide for a balanced assessment in public of Canada-Japan ties. Too often the man in the street reads or hears of our relationship with Japan only in terms of the problem areas. Some other commentators seek to portray Canada as a small nation holding at bay the exploitive advances of a massive economic machine.

On the first point I do not deny that problems exist and that I am personally concerned about them. The difficulties we are encountering in the automobile sector are a case in point. But there are many positive aspects that do not seem to catch public attention: for example — a volume of trade exceeding \$6 billion in 1979 with a higher trend in 1980; our large bilateral trade surplus; Japan's interest in development of Canadian coal mines and in the oil sands and Arctic oil and gas. While we still have access issues, there has been fine progress in the forestry and fisheries sectors and we have made major strides in sales of agricultural products such as rapeseed and pork. Few Canadians are not touched in their daily lives by the benefits of our economic relationship with Japan.

**Image-
building**

On the second question, that of Japan's unfortunate image in many minds as an economic giant seeking ever greater global economic power and control, I can only say that we in the government do not agree with this interpretation. At the same time, we intend to pursue economic co-operation and trade with Japan with the objective of securing maximum benefit to Canada, realizing that optimum long-term advantages can only be assured through some understanding for the aspirations and needs of the other side.

There is also no question in my mind that Japan's image in Canada could be better refined and disseminated. Better and more balanced news coverage from Japan is one answer, and we have welcomed the decision by one of the *Globe's* competitors to open an office in Tokyo. But more can and should be done to cover a country which now boasts the second largest economy in the non-Communist world, which shares membership in the "Summit Club" with Canada and plays an increasingly political role in the world and the Pacific region, and which is surpassed only by the United States as Canada's largest economic partner.

To be frank, I think the Japanese side might consider more intensive image-building in Canada. It is interesting to note for example the massive impact that the television movie *Shogun* has had on the North American perception of Japan. I am not suggesting efforts on a similar scale, but I am saying that Canadians generally would probably be very receptive to and fascinated by better opportunities to learn more about Japan and the Japanese way of life.

This wider and better perception of Japan in Canada, and of Canada in Japan, is essential if governments and private sectors are to have public support for the policies and activities needed to improve and change the shape of our relationship. Canada hopes this evolution will result in a more complex complementarity of interests which reflect Canada's industrial development priorities in the manufacturing and high-technology areas while building on traditional trade and co-operation in the resources area, *inter alia*, through more upgrading and further processing in Canada.

In all sectors, trends are moving in this direction. The energy factor is the most prominent. Not only does Japan need those energy resources which we are prepared to export, but Canada offers locations close to energy sources for the establishment of joint ventures in energy-intensive and other industries. The future growth of a Canadian industrial and manufacturing structure based on our massive resource base also offers considerable scope for traders and investors. The need for increasing and stable supplies of foodstuffs should expand activities in the agriculture and fisheries sectors, including co-operation in the up-grading of food products.

If certain economic trends appear conducive to positive development, there are also non-economic elements serving as important catalysts. As I have said, the Japanese appear more aware of Canada and conscious of our interests than at any time in the recent past. A certain momentum has now been built up by missions and visits — particularly those of the late Prime Minister Ohira and of Mr. Gray, by our profile as a Summit partner and host for next year's meeting, by the efforts of provincial governments, and by the major contribution made by three Canada-Japan businessmen's conferences to relations between private sectors. This last activity will continue to have the government's fullest support because, in the final analysis, it is the private sector which makes the relationship work.

Shared interests

One major influence on the bilateral relationship in the years ahead will be our shared interest in the evolving Pacific community, though the exact ramifications of this will not be clear for some time. Indeed, we are just beginning seriously to re-examine our own interests in the Pacific and inter-relate them with those of our Pacific neighbours. One manifestation of this re-examination is the Pacific Rim Opportunities Conference being organized by the government in Vancouver next month.

Nonetheless, we can predict some general implications for Canada-Japan relations. On the positive side, there will probably be increased opportunities for co-operative arrangements with Japanese firms in third countries where Canadian capital, skills and technologies — particularly in resource development — might be required. For example, Indonesia has recently awarded a major contract to a Canadian-Japanese venture to build an 800-megawatt electrical utility. Canadian firms could also work

on their own in Pacific countries to meet Japanese needs.

Other effects may pose challenges of a different kind. The remarkable growth in the ASEAN [the Association of Southeast Asian Nations] countries and recent resource developments in Australia have increased competition for Canada in Japan both as a market for raw and semi-processed goods and as a source of investment funds in the resource field. This seems certain to continue. There is also likely to be increased pressure on Canadian enterprises from low-cost manufacturing facilities established in developing Pacific countries in whole or in part by Japanese firms.

These and other implications need to be identified and responses developed to maximize the benefits for Canada and Japan within an increasingly complex and dynamic Pacific regional economy. This seminar will, I know, be an important contribution to this process.

Here in Canada we have no doubt about the vast potential of the Pacific region as an area of outstanding economic growth and development in the decades ahead. On the basis of past patterns of 6 to 10 per cent growth in many countries there, the Pacific region, before the turn of the century, should provide the focus if not the engine of growth for the world's economy.

In the face of this remarkable trend, Canada's challenge will be to fashion policy responses which make us an active and integral part of this new Pacific age. We want to contribute to its development and to share in its benefits.

In a speech in Hong Kong in July to Canadian and Hong Kong businessmen, I drew attention to some of the things we will have to do to meet this Pacific challenge. One aspect must be to shape a greater awareness within Canada itself of the new potential of the Pacific region, and to balance our preoccupations as an Atlantic nation with a deeper understanding of our Pacific personality. The other half of our effort must be to formulate the policies and to implement the programs — both in the governmental and private sectors — which make this personality more manifest.

In the over-all political sense, for example, we should try to develop approaches which, in addition to meeting Canadian objectives, respect the diversity and unique characteristics of our Pacific neighbours, which better respond to their goals and aspirations, and which assist in the building of community consciousness in the region. As one step in this direction, last June I became the first Canadian foreign minister to attend an ASEAN foreign ministers meeting as a dialogue partner. As time goes on, you will see other manifestations of this new Canadian thrust.

Cultural contacts

There must also be a broader strategy in advancing contacts between our people through educational and academic exchanges and through the dissemination of cultural information. It is on this foundation of richer understanding among persons that economic activities can thrive better.

Finally, we must build economic relationships in the region which benefit not only Canada, but all concerned — through increased trade, investment, development

assistance, and a variety of other exchanges and co-operative arrangements. A nation as dependent on foreign trade as Canada must have a sophisticated and responsible foreign policy in the economic sphere. As part of this process, you will be aware of the program of visits which my colleague, the Minister of State for International Trade, has made to the Pacific region in preparation for the Vancouver conference on relations with the Pacific in November.

No development better exemplifies the trend towards greater self-assertiveness and confidence in the Pacific region than the notion of an evolving tangible Pacific community. It has been given many names, including Pacific "Economic" Community, but while economic activities remain at the core of any eventual mandate, in the broadest sense it is a profoundly political phenomenon.

This was clear from the discussion held at Australian National University from September 15 to 18 in the seminar set up with the blessing of the Japanese and Australian governments to discuss the concept. It was attended by persons from the academic world and the private sector, as well as officials from governments acting in a private capacity, including a senior official from my Department.

**A need for
community
building**

In his conclusions, the chairman — Sir John Crawford — noted that while considerable regional interchanges had already developed and were expanding, there was still some distance to go to strengthen this process and to involve governments. He recommended the formation of an official and informal committee to co-ordinate information exchanges and to set up task forces to investigate possibilities for co-operation in specific areas. He thought that further seminars and discussions were necessary before the eventual emergence of any official organization.

The Australian National University seminar confirmed that a Pacific community, in any developed sense, is still some distance away, and that considerable community-building is still required. This is where cultural and educational aspects of foreign policy come particularly into play before the core economic activities can be developed. Expanded tourism, transportation and communication facilities are also a prerequisite.

While such remains to be done politically, especially *vis-à-vis* some ASEAN countries, considerable will and momentum has developed behind the concept since it was revived by late Prime Minister Ohira almost two years ago. No one has yet any clear notion of what shape the community will eventually take, but it is likely to be unique in human experience — possibly a more multi-layered and informal mixture of associations and linkages, than a formal inter-governmental organization, with different groupings of countries participating in different activities.

Whatever happens, Canada intends to participate in the evolution of the concept from the outset. We are approaching the issues of membership, organization and the eventual economic and other responsibilities of a Pacific community cautiously, but with open minds and in a positive fashion. In doing so, we will bring to bear the general foreign policy approaches in the political, cultural and economic spheres that I mentioned above.

As I have said, a tangible Pacific community is still some distance away, and in the interim Canada must nourish and expand the bilateral relationships which form the foundation of community development. This is no more important than with Japan, our second largest economic partner and the dominant Asian player in the region.

Unquestionably, the future holds great promise for Canada-Japan economic relations in the Pacific context. My efforts and those of the government, like yours today, will be directed to ensuring that these prospects become a reality for the benefit of both our nations and of the region generally.

I am confident that academics and other interested persons, ministers and officials from provincial governments, media organizations, and most importantly, the business community itself, will be working with us to the same end.



Statements and Speeches

No. 80/21

CHALLENGES AND OPPORTUNITIES OF HAVING THE U.S. AS A NEIGHBOUR

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Cincinnati Council on World Affairs, Cincinnati, Ohio, October 17, 1980

...I propose to speak to you today with considerable candour about a number of aspects of the relationship between our two countries and, more particularly, about how we in Canada view the prospects for that relationship in the period immediately ahead. I do so in the hope that we can thereby achieve greater sensitivity to national aspirations and to the mechanisms and structures we employ in seeking to achieve them.

Canada and the United States grew out of the freedom to choose a way of life. For hundreds of years, men and women have chosen to come to our two countries, and have worked hard to improve their lot once they reached these shores. Out of these recurring waves of humanity have grown two societies full of diversity, but having internal coherence through a set of shared ideals and common hopes. The hold on people's imaginations which the prospect of being part of this enterprise inspires has not slackened over the years. The thousands of refugees around the world who would do anything to settle in our countries are significant testimony to the power of the North American dream.

Our common heritage has bred similar values and a common ethical landscape. Democracy, human rights, individual freedoms — these are the bedrock of our common interest, the cement of our defence alliance.

Every day, in our relations with each other, we see a practical example of our commitment to civilized conduct among nations. From this perspective, it is natural that we should both be outraged at the Soviet occupation of Afghanistan, and that we should share your anguish and anger at the flagrant violation of the rules of international law which has occurred in Iran. We both believe that the community of nations simply must not be allowed to ignore developments such as these, because the fabric of international order is fragile, easily damaged, and once torn, almost impossible to repair.

The plain and uncomfortable fact is that we all face uncertain times — times when differences between countries tend to be magnified. And because Canada and the United States are energetic nations with a multitude of interests of their own in addition to their many links, hard times pose a special challenge. The 1980s look like a difficult period, but our two countries have faced harder tasks before and overcome them together.

It is partly because we have so much in common that our differences can be so jarring. Some are quite basic. In the United States, you lay heavy stress on the concepts of capitalism, free enterprise, the efficiency of market forces. These are im-

Basic
differences

portant to us, too, but we are less reluctant to accord a participatory role to government. The Canadian National Railway, a Crown corporation, helped to complete the opening of our West and to knit the country together. Air Canada is our largest airline and one of the world's most effective and profitable. Atomic Energy of Canada Limited has developed the unique CANDU nuclear reaction system — one of the world's most advanced and safest.

Our countries have different constitutional structures. In your country, any treaty undertaking by the United States Administration requires ratification by the Senate, but then becomes the law of the land. In Canada, international treaties are concluded by the government without further reference, but implementation requires subsequent legislation. In recent months we have become pointedly aware of this difference through the fate of the boundaries and fisheries treaties. After several years of difficult negotiation and bargaining, we concluded an agreement with the United States Administration. Today, however, Senate continues to insist on re-negotiation, but we have no intention of negotiating on the floor of the Senate.

Canadians also look to their governments to ensure a degree of economic equality — hence the concept of sharing our wealth among the rich and less rich provinces. Through our social programs we try to achieve a society with a comparatively small gap between its rich and its poor.

The United States has roughly ten times the population of Canada. The United States' gross national product is ten times Canada's. Similarly, United States' investment in Canada outstrips Canadian investment in the United States. Twenty per cent of your exports go to Canada; 70 per cent of Canada's exports go to the United States. Hence, your economic strength is part of the Canadian consciousness, and the risk of being overwhelmed is ever present. You need to import those Canadian products just as we need to sell them. But our need is probably greater than yours. It is for this reason that the dangers of protectionism preoccupy us. "Buy American" legislation — state or federal — directly affects Canadian exports to the United States. Frequently, the intention of the law-makers is to safeguard American industry against the unfair trading practices of distant countries. But the impact is often more heavily felt in Canada, and Canadians can be excused for viewing these initiatives with a certain degree of cynicism.

Auto pact

Another trade issue of vital interest on both sides of the border is the auto pact. The automotive sector is central to both our economies and so it is natural that Canada should want to ensure that it obtains an equitable share of the benefits of the North American motor vehicle industry as it converts to the new generation of automotive technology. Canadian and United States' officials are now discussing this question, together with the Canadian concern that any possible United States' response to competition from off-shore manufacturers takes into account our needs as part of the North American industry.

Although the automotive sector perhaps presents the general problem in its clearest terms, the fact is that most major United States' policy decisions have an effect, intended or accidental, on Canada. This characteristic of the relationship shows up in

a number of areas, whether it is the formal legal debate surrounding extra-territorial application of domestic laws or regulations or a specific environmental issue. An example of the latter is the Garrison Diversion Project in North Dakota, where a United States' irrigation project would, if completed as planned, seriously damage Canadian waters.

Foreign investment

A recent survey by a New York investment firm which provides advice to the top companies of the Fortune 500 indicates that Canada is a highly desirable country in which to invest — one of the top five in the world. We have welcomed foreign investment throughout most of our short history as a means of developing what is, in international terms, a young nation. But in recent years we have had to construct some safeguards. By 1974, foreign ownership of the energy sector (as measured by assets held) had reached 88 per cent. For minerals the figure was 45 per cent, manufacturing 57 per cent, and so on. Such key industries as chemicals (78 per cent), electrical products (65 per cent), transportation equipment (80 per cent), and rubber (94 per cent) were also substantially foreign-owned. Alarms have been rung in the United States for levels of foreign investment, only a small fraction of those then existing in Canada.

We Canadians were undoubtedly in danger of losing control over our own affairs. Take-overs were not always carried out for what we thought were good reasons. At times, cash-flow considerations prevailed; at other times, the elimination of Canadian competitors was the intent. For these reasons, we therefore put in place the Foreign Investment Review Agency whose mandate was to ensure that foreign investment would be of significant benefit to Canada as well as to the company. Of the 1,637 cases so far decided by FIRA involving United States' firms, 91 per cent have been approved in the six years since the agency's establishment. Moreover, the system is open. Investors in Canada do not have to cope with administrative guidance as is the case in Europe and elsewhere. Over-all, we believe that the Canadian approach has been even-handed and fair. We expect that our vigilance in this area will continue, and perhaps as Americans' own worries over foreign ownership take shape, the Canadian policy will become more understandable.

Cultural expression

In terms of the predominance of the United States, cultural expression is another area of particular concern to Canadians. The United States has an enormous cultural influence, driven by the world's most powerful media. Faced with this situation, successive Canadian governments have seen a need to ensure that Canadians could develop their own culture in a difficult commercial environment. The intent has never been to wall off Canada, but simply to provide an opportunity for national self-expression. This broad policy determination has led to a number of specific government actions, some of which, like the Canadian content regulations on radio and television, may be known to you. One main concern has been to safeguard the economic viability of the Canadian broadcasting system. As a result, legislation was passed in 1976, aimed at curtailing the flow of advertising revenues to United States' stations broadcasting into Canada from just across the border. This step has been met with considerable opposition by some broadcasters in this country, but should be viewed in the context of Canada's over-all communications and cultural needs.

A second set of Canada-United States' communications issues only now beginning to take shape concerns transborder data flow. This field is extremely complex and involves a number of related considerations, including national sovereignty, the free flow of information, commercial exchanges and privacy matters. In this, as in other areas, Canada's position of sharing a border with a country ten times its size in terms of population and economy means that we cannot afford the luxury of "letting problems take care of themselves". I can assure you, however, that Canadians will remain wedded to the notion that ideas know no national boundaries, and that information is, in the most real sense "the common heritage of mankind".

Perhaps in no field are the costs and benefits of having the United States for a neighbour more manifest than with regard to energy. Over the years our two countries have found energy co-operation fruitful. Net exports of Canadian light crude oil, to the United States are now minimal, but "swaps" of considerable proportions still occur. Our exports to you of natural gas and electricity are increasing. Most striking of all, the massive northern gas pipeline project is moving forward despite organizational, financial and regulatory obstacles.

Pollution problems

This region, however, presents an instructive example of the costs to Canada of living nearby. While the region provides coal to Ontario's industries, it also produces emissions which are contributing substantially to the serious air pollution problem now affecting both countries. In a Memorandum of Intent signed recently in Washington, the Canadian and United States' governments committed themselves to taking action to reduce transborder air pollution. Some tough decisions will have to be made on both sides of the border to ensure that our energy and industrial requirements are not met at the expense of the environment — particularly in the light of the damage already inflicted on a large proportion of Canada's lakes by "acid rain".

From what I have said so far, it will be apparent that we consider that the Canadian-United States' relationship offers unique challenges and opportunities. Accordingly, it should not come as a surprise that we are unreceptive to schemes for continental economic integration which some would superimpose on the established pattern of bilateral links. As Prime Minister Trudeau stated in May during the visit to Canada of Mexican President José Lopez Portillo, Canada's interests would best be advanced by the continued strengthening of bilateral relations with our North American neighbours. Our relationship with the United States is too complex and rich to fit easily into an artificial "conceptual framework" more suited to the classroom than to the real world.

Constitutional revision

Before concluding, Mr. Chairman, I want to say a few words about a process now going on in Canada, with which some of you will be familiar. For a number of years, we have been engaged in the difficult task of constitutional revision — a process that inevitably gives rise to a certain amount of disagreement about how we should go about it, how powers should be divided between the federal and provincial governments, how fundamental rights can best be protected, how the ownership of resources is to be determined and how we can best enhance the rights of minorities while, at the same time, strengthening national unity. As your own history has shown you, and indeed that of all federal states, the matter of where to strike the balance between the

central and regional authorities is almost always a complex and contentious issue. But I want to assure you that while our debate may be heated at times, it is a process that has been going on for many years and the outcome is beyond doubt: for Canadians, national unity is indispensable, and as we surmount our differences, we will emerge stronger and more united than ever.

I would like to conclude with the following general observations. Canadians and Americans have never feared the future. Indeed, our eagerness to embrace it has been a characteristic of our societies. At the moment, however, we seem to be looking forward with less certainty than in the past. Perhaps at the root of our sense of frustration is the gap between our great capabilities and our apparent inability to bring them to bear on the world's problems.

I would hope, instead, that we have gleaned from the past decade a more accurate appraisal of our limitations, and that we now have a more realistic basis from which to go forward. I have no doubt that our countries will build creatively on the experience of the Seventies, so that the opportunities of the Eighties will not be lost in our concern over its perils.



Statements and Speeches

No. 80/22

APPROACHES TO FOREIGN POLICY – DIFFERENCES AND SIMILARITIES

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Eleventh Leadership Conference of the Centre for the Study of the Presidency, Ottawa, October 18, 1980

Not long ago France opposed Canada's participation in the annual economic summit meetings on the grounds that we would only echo U.S. views and proposals. Today, of course, French leaders know us better — and will have the opportunity of getting to know us even better still when we welcome them to the first Ottawa summit next year.

I am disappointed but not entirely surprised when some people even now assume that Canada's foreign policy is made in the U.S.A. What does surprise me, however, and fills me with dismay, is when some people assert that Canada's foreign policy should come out of the same mould as the U.S.A.'s. I am surprised that anyone could fail to recognize just what profound differences there are between the U.S. and Canadian moulds.

It is true, of course, that the people of Canada and the people of the U.S.A. are North Americans all, formed by the continent they share, holding in common the values of Western civilization, enriched by the contributions of yet other cultures, and united in a mutual devotion to freedom and the democratic tradition within the framework of a federal system. It is also true, however, that differences of size may involve differences of perspective, and that long ago our two countries chose to seek the same goals by different roads, at a different pace, and chose as well to adopt different institutions for the conduct of their political affairs.

What I propose to do here is to examine how some of these similarities and differences have influenced and are reflected in the Canadian and U.S. approaches to foreign policy. In doing so, I will focus especially on the differences — not in a negative spirit, I assure you, but in a spirit of enquiry. Difference, after all, need not mean conflict. And differences must be identified and understood if we are to build on the similarities.

Let me begin with an example that in my view typifies both the similarities and differences. I think it is fair to say that human rights occupy a more prominent place in the foreign policy of Canada and the U.S.A. than in that of any other country. Other countries, of course, are also concerned and active, but there is something peculiarly North American — peculiarly naive, critics would charge — in the attitude of our two nations towards human rights. That something special is a direct result of our being the heirs and custodians of both the reality and the dream of the New World. "O my America! my new-found-land!" exclaimed John Donne to his mistress going to bed, and I hope that we in North America will never lose that same sense of wonder and joy in our contemplation of this continent, nor ever lose our eagerness to have others

Different size,
different
perspective

know the freedom that we have found here. Canadians and Americans thus responded with a great outpouring of indignation and compassion to the tragedy of the Vietnamese boat-people. Tens of thousands of Vietnamese refugees have been welcomed into both our countries, where private citizens have opened their hearts and homes and pocket-books to help them find the security we take for granted.

So goes the similarity. A few years ago, however, the U.S.A. was engaged in a terrible war in Vietnam. By January 5, 1973, that war and Canada's view of it had developed to the point where the Canadian Parliament adopted a resolution condemning U.S. bombing operations in North Vietnam. In these facts there lies a world of difference. In saying this, however, I do not wish to imply any sort of moral comparison between Canada and the U.S.A. or between the Canadian and U.S. governments. I simply wish to illustrate what I said earlier about differences of size involving differences of perspective. I also want to make the point that the scars of the Vietnam and Watergate years have affected U.S. institutions in a way that is affecting relations between the U.S.A. and Canada.

Those British gentlemen who decided to break away from the British Crown a little more than 200 years ago gave the U.S.A. a form of government which in a way retained more of kingship than was preserved in that part of the continent which remained "British North America". The U.S. Constitution, after all, institutionalized, through separation of powers, the old conflict between executive and legislature which in Britain and Canada was resolved by having the legislature absorb the executive, leaving the sovereign to reign but not to rule.

In Britain and Canada, the executive, having thus been made part of and accountable to the legislature, was freed from the struggle for supremacy — but not, let me hasten to add, from the struggle for survival — and was able to get down to the job of governing. In the U.S.A., on the other hand, the struggle for supremacy was incorporated within the system, in the very checks and balances which were devised to ensure that no part of the government could grow too powerful and that sovereignty would forever abide with the people. The President, so it seemed for a long time, had been guaranteed political survival for at least four years, but — as it now seems — had not been guaranteed the ability to govern. Nevertheless, the most powerful institution in the U.S. government for most of this century has been the Presidency. With the resignation of President Nixon, however, the apparent guarantee of survival for a full term in office was shattered; presidential accountability was dramatically reaffirmed; and Congress in effect finally achieved what the legislature had long since enjoyed *vis-à-vis* the executive under the parliamentary system.

It is too soon to tell what will be the long-term effects of these historic developments on the U.S. system of government. That system, however, is complex and delicate, and every piece must interact with the others to make it work. Seen from Canada, in the foreign policy context, it has not fully recovered from recent shocks and is not working well at present. As a representative of the parliamentary system I can hardly challenge the concept of presidential accountability; I can, however, mourn the fact that it does not seem to have left the President the effective power to carry out his constitutional responsibility to shape and conduct the foreign policy of the U.S.A.

Congress has grown increasingly assertive, and the Senate in particular is exercising its constitutional power in respect of treaty ratification in a way that is frustrating the President's foreign policy responsibilities, at least so far as Canada is concerned. Relations between the two countries are suffering as a result, even if only one of them seems to be aware of this to date.

Fishing problems

Fish are not usually associated with the layman's idea of diplomacy, except perhaps in the form of caviar. Fish, however, have occupied a very important part in the relations — and confrontations — of Canada and the U.S.A. from colonial times to the present. Again today they are at the centre of what is for Canada our most serious bilateral issue with any country, but for the U.S.A. is simply a "regional problem" left for determination by two or three senators in accordance with their local concerns. Once more, note the difference of perspective.

I am referring of course to two inter-related treaties dealing respectively with international adjudication of the Gulf of Maine maritime boundary dispute and with co-operative fisheries management and reciprocal fishing rights off the east coast of Canada and the U.S.A. These treaties were referred to the Senate by President Carter in April 1979, with the message that they were "in the best interests of the United States". They remain unratified to this day. Meanwhile stocks are being overfished; fishermen are growing increasingly frustrated; the boundary issue festers; prospects of escalation of the dispute begin to arise; and the Canadian side must patiently await the U.S. Senate's "take-it-or-leave-it" proposals for amendments to a treaty which was concluded only after long and difficult negotiations. Clearly, this is not acceptable. Clearly, differences in approaches to foreign policy here reach a point where rational management of a crucial bilateral relationship may no longer be possible.

I do not wish to call into question U.S. constitutional requirements and realities, or the motives of the senators who are blocking these treaties, or the democratic right of their fishermen-constituents to press for such action. Canada too is a democratic, federal state, and the conclusion of the two east coast agreements required long, delicate and even painful consultations with our fishermen and provincial governments before conflicting interests could be reconciled and an internal consensus achieved which enabled us to say to the U.S. negotiators — naively perhaps — "it's a deal". We understand the internal difficulties arising in the U.S.A., but we must ask why these cannot be resolved before a treaty is solemnly concluded. We must wonder too about the wisdom of Congress in institutionalizing these difficulties and weakening the executive in the field of international fisheries relations through legislation giving substantial powers over foreign interests to regional fisheries management councils. To see the matter in the round, one has only to imagine what the U.S. reaction would be if it were Canada which could not deliver in respect of the east coast agreements.

Treaty-making procedures

I recognize, of course, that the U.S. constitutional procedures for treaty ratification are indeed more complex and unwieldy than Canada's. In Canada, parliamentary approval is sought only for some of the very most important treaties, and treaty negotiation and ratification is a matter of executive authority as an element of the Royal Prerogative. It is important to remember, however, that in Canada, unlike the

United States, treaties do not, in themselves, become part of the "law of the land". Parliament or, if appropriate, provincial legislatures, must enact any legislation that may be necessary for the performance of treaty obligations. Because of this requirement to pass subsequent provincial legislation in cases where the subject matter falls under provincial responsibility, it is the practice in Canada to consult the relevant provinces prior to ratification or signature. This procedure is about as close as we come in Canada to the U.S. system.

Granted that Canada's treaty-making procedures are simpler than the U.S.A.'s, we have not yet fully explored those differences in foreign policy approaches which flow from institutional differences. Americans quite properly hold their political institutions — if not necessarily their politicians — in awe and wonder. We in Canada are respectful but more relaxed about our own institutions — as witness the fact that we are only now getting around to fetching our Constitution home. The U.S. attitude colours the U.S. foreign policy approach in subtle ways. Thus there is an instinctive view among many U.S. policy-makers and negotiators that international law should conform with U.S. law, rather than the other way about. Thus too U.S. negotiators often seem to expect the representatives of other countries to give the same automatic deference as they do to the procedural and institutional peculiarities of the U.S. system.

The extra-territorial exercise of U.S. anti-trust jurisdiction is a field rich in examples of this kind of attitude, not a few of them involving Canada. The effects on the U.S.A.'s foreign relations have been serious indeed. Australia and the U.K. have already passed laws to protect themselves from such extra-territorial interference, and Canada will be joining them soon.

The tuna issue

But let me stick to the field of fisheries. Take tuna. The consensus emerging from the Law of the Sea Conference recognizes the exclusive sovereign rights of coastal states over all living resources of the 200-mile zone. U.S. law accordingly asserts such rights over the rich coastal fisheries off the U.S.A., but does not recognize that these same rights can extend to tuna, owing to the fact that U.S. fishermen take huge quantities of tuna off the coasts of other countries. Here again Congress has usurped the executive's role in foreign affairs and has favoured local interests over international agreement. But the story does not end there. U.S. law goes further and requires an embargo on tuna imports from any country arresting a U.S. vessel for unauthorized fishing for tuna within its 200-mile zone. According to Canadian experts, at least, such action is contrary to the U.S.A.'s obligations under GATT [the General Agreement on Tariffs and Trade], but again Congress has placed local interests over international agreement.

I would like to conclude my remarks with the tuna story because it has a happy ending — I really should say a happy intermission — at least so far as it affects the U.S.A. and Canada. Late last August our two countries concluded an interim agreement on reciprocal fishing of albacore tuna by Canadian and U.S. fishermen off the Pacific coast, thus averting a resumption of the 1979 conflict when Canada arrested 19 U.S. vessels in the Canadian 200-mile zone. Both countries have also agreed to use their best efforts to transform this interim arrangement into a long-term treaty by June 1981.

I would not wish to leave the impression that only Canada has experienced difficulties because of the procedural and institutional framework in which U.S. foreign policy is made — or “happens”, as the process might sometimes better be described. Lloyd N. Cutler, Counsel to President Carter, analyzes this framework in an article in the most recent issue of *Foreign Affairs*, in the light of the failure of his own efforts to get the SALT II [Strategic Arms Limitation Talks] treaty through Congress. He writes as follows:

“A particular shortcoming in need of a remedy is the structural inability of our government to propose, legislate and administer a balanced program for governing.... The separation of powers between the legislative and executive branches, whatever its merits in 1793, has become a structure that almost guarantees stalemate today.”

Mr. Cutler has dual qualifications to support his reaching this conclusion. In addition to his association with SALT II, he was the U.S. negotiator for the two east coast agreements with Canada, which continue to keep SALT II company in the limbo of the U.S. Senate.

**Similarities
outweigh
differences**

I already gave you my happy ending a minute ago — which is sure proof that I have gone on too long. I cannot end, however, on the note of stalemate evoked by Mr. Cutler. But since I do not have the temerity to follow his lead in proposing amendments to the U.S. Constitution, I am hard-pressed to strike a note of promise for the future. Yet that note exists, quite independently of any possible suggestions for restructuring the U.S. approach to foreign policy. I have stressed the differences between Canada and the U.S.A. in these remarks, but it is the similarities I rely upon. If this underlying optimism reflects pride in Canada, it also reflects faith in the U.S.A., confidence in our friendship, and the expectation that reason and fair play will again prevail.

Finally, given the number of academics with us today, I would not wish to conclude without saying how much we appreciate the growth of teaching and research about Canada in American universities. It is quite remarkable how much Canada has risen in academic popularity in the last decade. I would like to encourage more such studies, as I believe they lead to better understanding of Canadian interests and concerns, and therefore to a well-managed and mutually beneficial relationship.

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Statements and Speeches

No. 80/23

DISARMAMENT PRIORITIES REAFFIRMED

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, on the Occasion of Disarmament Week, October 24-30, 1980

Disarmament Week serves to remind Canadians of the great importance the government of Canada attaches to the achievement of verifiable disarmament and arms-control agreements as one of the essential foundations of international security. The government views Canadian participation in disarmament and arms-control negotiations as one of the most important aspects of its foreign policy. As indicated in last spring's Speech from the Throne, "we must and we will, actively co-operate in international efforts to negotiate agreements on verifiable means of arms control and disarmament, and seek to rally others to a cause that is no less than human survival on this planet".

1980 marks the mid-point between the first United Nations Special Session on Disarmament and a second such session scheduled for 1982. This year is also the beginning of the Second Disarmament Decade.

Despite the increase in international tensions since the Soviet invasion of Afghanistan, there have been during 1980 almost constant discussions on disarmament and arms control, many of which Canada has participated in. Bilateral discussions between the U.S.A. and the U.S.S.R. on banning chemical weapons have continued, as have the trilateral talks among the U.S.A., the U.K. and the U.S.S.R. on a comprehensive test ban. The annual session of the Committee on Disarmament in Geneva focused this year in particular on chemical weapons, radiological weapons, security assurances to non-nuclear weapons states, a comprehensive program for disarmament, the cessation of the nuclear arms race and nuclear disarmament, and a comprehensive nuclear test ban. In March, a review conference on the Biological Weapons Convention was held in Geneva. The United Nations Disarmament Commission met in New York in May. The second Non-Proliferation Treaty Review Conference recently concluded its sessions in Geneva. It was immediately followed by the reconvening of the Special UN Weapons Conference which was successful in achieving agreement on limiting the use of mines and booby traps and some incendiary weapons. The Mutual and Balanced Force Reduction talks in Vienna have continued, and the U.S.A. and the U.S.S.R. began talks a week ago on limiting nuclear missiles in Europe. The First Committee of the UN General Assembly has also just begun its annual deliberations on disarmament.

As profound Canadian experience since 1945 has taught, arms control and disarmament is a long process. The international situation this year has meant that progress has been slower than might have been anticipated even a year ago. Canadian priorities, however, remain unchanged. They are:

- (1) to encourage the continuation of the SALT [Strategic Arms Limitation Talks]

process;

- (2) to promote the realization of a comprehensive multilateral test ban treaty;
- (3) to assist in the preparation of a chemical weapons convention;
- (4) to promote the evolution of an effective non-proliferation regime based on the non-proliferation treaty;
- (5) to participate actively in negotiations to limit and reduce conventional forces; and
- (6) to strive, step by step, to ultimately achieve general and complete disarmament, consistent with the legitimate security needs of states.

The Final Document of the UN Special Session on Disarmament highlighted the need for greater emphasis on research, information and education programs. The Department of External Affairs has responded in several ways. It convenes semi-annually a consultative group of representatives of Canadian non-governmental organizations which have a special interest in disarmament and arms control. It encourages greater research and information programs through financial assistance from its disarmament fund. It also produces a newsletter on national and international disarmament activities which is distributed to interested groups and individuals. In addition, I have suggested that the creation of an autonomous association for arms control and disarmament would help to expand activity and raise the level of debate in Canada on these issues.

Disarmament Week is held annually from October 24-30. Initiated in 1978 after the UN Special Session on Disarmament, it is an opportunity to emphasize the importance of mobilizing public opinion world-wide in support of disarmament and to underline the objectives set forth in the Final Document. Community groups, non-governmental organizations and individuals in Canada have accepted the challenge proffered by Disarmament Week to involve the public to a greater degree in these issues, and have planned numerous projects and activities in many centres across the country. Disarmament affects all Canadians individually and collectively. For this reason alone, we must join in efforts to encourage progress towards world peace through reductions in the levels of armaments and world military spending.

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Statements and Speeches

No. 80/24

BEYOND THE LAW OF THE SEA CONFERENCE

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Ninth Annual Conference of the Canadian Council on International Law, Ottawa, October 24, 1980

...The Law of the Sea Conference has been with us for seven years — 12, if one counts back to the first meeting of the old Seabed Committee. Governments are increasingly anxious to bring it to an end, to put their delegates to fresh uses, and to turn their attention elsewhere. The very success of the Conference has contributed to declining interest, as consensus on the 200-mile zone has allowed governments to resolve their most pressing problems by unilateral extension of jurisdiction. Indeed, in this sense the Conference has already ended, has already brought about radical changes in law and practice from which there can be no going back.

It would be a mistake, however, to succumb to lassitude or self-satisfaction now that some key objectives have been achieved and a new law of the sea convention will almost certainly be signed in Caracas next year. Staying power is vital in negotiations like these. Even more important, however, is the need to step back, now, at this critical stage, to look at what we have fashioned so far, in the light of what we set out to do; to look beyond the Conference, beyond Caracas in 1981, and ask if this work of ours will take hold and endure. If not, then signing a new convention will be something like the ceremonial donning of the emperor's new clothes, adding nothing to the real achievements of the Conference, and only briefly masking its failures.

The results of the law of the sea negotiations may be reviewed from various perspectives. For my purposes tonight, I will try to examine them in terms of the interests of the three major groupings at the Conference: the coastal states, the major maritime powers, and the developing countries — all seen through Canadian eyes, of course.

Coastal states

With regard to the coastal states, I believe I can fairly say that Canada has played a remarkable role in articulating their objectives and in helping to achieve them, both within and outside the Conference framework. Canada was at the forefront of the great wave of unilateral, bilateral, regional and multilateral initiatives which in the 1970s swept the law of the sea out of the smothering embrace of Hugo Grotius. The overriding objective of the coastal states was extended resource jurisdiction, and this of course they have achieved in the new concept of the economic zone.

Canada deserves a good part of the credit for making the economic zone a more balanced, functional and widely acceptable concept. Under the Canadian approach, the coastal state acquired not only national rights but also international responsibilities and obligations. Thus the coastal state must ensure the rational management of living resources of the economic zone, and must let other states have access to any "surplus". Greater functionalism has also been introduced with the establishment of special principles for the management of species with special characteristics, such as

salmon, tuna and marine mammals.

Despite considerable opposition, Canada also succeeded in bringing a measure of environmental management to the economic zone and secured the entirety of Canadian environment objectives in respect of Arctic waters. Finally, Canada played a central role in gaining recognition for the coastal state's sovereign rights in respect of seabed resources beyond the 200-mile limit to the outer edge of the continental margin; in return, the coastal state is called upon to share with the international community some of the revenues accruing from mineral exploitation in these areas beyond 200 miles.

The coastal states have obviously done well at the Conference — and none better than Canada — in others' eyes at least. And here I should emphasize that categories overlap, so that the coastal state grouping comprises both developing countries and major maritime powers. Accordingly, it seems clear that the economic zone will be an enduring feature of the new law of the sea and will tend to promote the order and stability which are among the fundamental objectives of any legal system. The stresses which will arise are likely to flow from problems of implementation rather than deficiencies of conception. Thus even the most responsible coastal states already tend to emphasize national resource rights and to minimize international obligations within the economic zone. Canada is not free of pressures in this direction in the fisheries field, but a variety of factors are at work which help to maintain some balance here. In the U.S.A., new legislation under consideration by Congress — the Fisheries Protection Act — virtually does away with the idea of any kind of obligation to foreign fishermen in the economic zone.

Still other stresses will arise as a result of the continued insistence of the U.S.A. and Japan that coastal state jurisdiction does not extend to tuna. But this is a problem for the two countries concerned rather than one affecting the integrity of the economic zone concept. Perhaps the greatest strain on that concept will arise from the lack of adequate provisions for the conservation and management of coastal fish stocks which "straddle" the 200-mile limit. Despite prolonged and vigorous efforts, Canada has not been able to secure agreement on such provisions to meet Canadian concerns in respect of fisheries on the "nose and tail" of the banks on the Atlantic Coast. Overfishing beyond 200 miles in these areas can damage the stocks within the 200-mile limit. Regional and bilateral mechanisms will help, but this gap in the new law of the sea will remain a troublesome factor.

Major maritime powers

Turning to the major maritime powers, the results of the Law of the Sea Conference also seem satisfactory from their perspective, recalling again that most of these countries are coastal states as well. As major maritime powers, their overriding shared objective has been to maintain the greatest possible freedom of navigation. Subject to some environmental safeguards, they have improved their position in this respect. So also have the two superpowers and their shared objective of maximum naval mobility. In both cases, the crucial elements of the new law of the sea will be the 12-mile territorial sea and the proposed new regime of free transit passage through international straits. And here let me make clear immediately that the Northwest Passage is not an international strait.

Responsible freedom of navigation is of course as much an international need as a national interest, and naval mobility is a critical factor in the global strategic balance. There can be no new law of the sea convention which does not provide for these twin imperatives through a narrow limit for the territorial sea and guarantees of passage through straits. On the other hand, it is equally important to note that these imperatives cannot be secured readily without a new convention. One wonders, however, whether the emerging new straits provisions may not contain the seeds of what could eventually prove to be a de-stabilizing factor, with "straits states" chafing at the restrictions imposed upon them, and with the two superpowers in disagreement about the very definition of an international strait.

Developing countries

As to the developing countries, finally, their great objectives at the conference were a new, more responsive law-making process, a new ideal of equity, and a new international economic order. They have had mixed success in all three areas.

The very presence of the developing countries at the Law of the Sea Conference signals a revolutionary change — a decolonization — of the law-making process. The developing countries, in effect, have become subjects rather than objects of international law. As such, they have had a profound influence on the Conference and also on the development of customary law. Indeed we owe them the inspiration for the two great concepts which provide the foundation for the new law of the sea — the economic zone, and beyond the limits of national jurisdiction, the common heritage of mankind.

In seeking a new ideal of equity, the coastal states among the developing countries have looked especially to the benefits they would obtain from the economic zone. Certainly, that zone has brought about a redistribution of resources between distant-water fishing states and coastal states, and to some extent between developed and developing countries. It also offers some hope for transfer of technology from industrialized countries which might wish to enter into joint ventures for the development of economic zone resources in the Third World, although such arrangements have their risks and pitfalls, especially since any evaluation of their merits may itself require quite sophisticated expertise.

The economic zone of course does not offer much in the way of direct benefits for those developing countries which are landlocked or geographically disadvantaged, although they are to obtain favourable terms of access to fisheries in the zones of their neighbours. They are also to be given special consideration, together with the least developed countries, in the distribution of payments from coastal states from revenues accruing in respect of continental shelf exploitation beyond 200 miles. These various special benefits, of course, depend on the actual conclusion and entry into force of the new convention.

Common heritage

The greatest expectations of the developing countries, however, have been tied up with the notion of "the common heritage of mankind". Here, above all, they hoped to build a new system of equity and a new international economic order at sea.

Simply put, the notion of the common heritage requires that "the resources of the

international seabed area — potato-like nodules containing nickel, copper, cobalt and manganese — should be exploited under an international regime and machinery” for the benefit of all mankind and the developing countries in particular. This seemingly innocent statement encapsulates truly fiendish complexities of law, economics and technology which I do not pretend to understand and which — not necessarily for that reason — I will not attempt to explain. I will only note that the developing countries have pressed for a decisive voice in the running of the new international machinery in all its aspects. They have attached particular importance to the creation of an international enterprise that would play the leading role in mining seabed nodules on behalf of the international community, under conditions that would guarantee that the enterprise has access to the necessary technology. Finally, they have also demanded various forms of protection for their land-based mineral production which might be adversely affected by seabed production of the same minerals.

While it is possible to pinpoint individual successes or failures, it is most difficult to judge the extent to which the fundamental objectives of the developing countries have been accommodated in the emerging international seabed regime. At the same time, this is perhaps the most crucial judgment governments must make in preparing for the final session of the Law of the Sea Conference.

This judgment is difficult not only because the issues involved are so complex but also because their interaction with one's own national interests may colour one's thinking, or appear to do so. Canada, for instance, has been anxious to secure regulation policies covering seabed nickel production to protect land-based Canadian production in Ontario and Manitoba. To this end, we have worked closely with developing land-based producers like Indonesia, the Philippines, Zaire, Zambia and Zimbabwe. We have not yet succeeded in this campaign, and of course the major consuming states and potential seabed miners on the other side of the issue are quick to suggest that we ascribe to the developing countries the frustration we feel ourselves.

As to why it is necessary for all of us to make such a judgment of the situation of the developing countries, I would answer first that justice is an end in itself. I would also add that without justice there can be little hope for order and stability in the new law of the sea. If the “have” countries are destined to become “have more” countries, then the new convention will likely be ratified only by the minority which stands to benefit from its terms. The developing countries, of course, will decide for themselves whether or not to ratify. But by that time it will be too late for the rest of us to have any further influence on their decision. That is why we must review the results of our work now, to determine now whether they give a true expression to the concept of the common heritage of mankind, and to make any accommodations necessary to achieve this end.

The inevitable note of weariness at the close of the law of the sea negotiations is mixed with satisfaction and regret — satisfaction that we have come so far in our effort to create a revolutionary new constitution for the oceans, regret that industrialized countries should now proceed to adopt unilateral seabed mining legislation which is widely seen as infringing upon the very idea of the common heritage of mankind.

The dominant note, however, is hope — hope that the creative impulse which has animated the renewal of the law of the sea will not fail us now. Certainly Canada will do everything possible to rouse Poseidon from his torpor, on the rocky coast where Kafka left him, and where, we are told, “a gull, dazed by his presence described wavering circles around his head”. In effect, we have created a new constitution for three-quarters of this planet’s surface. Only by sustained vigilance can we hope to see it achieve the order and justice which are its goals.



Statements and Speeches

No. 80/25

ARMS CONTROL AND DISARMAMENT: CANADA COMMITTED TO EVEN GREATER EFFORTS

A Statement by Canadian Ambassador for Disarmament Arthur Menzies to the First Committee of the United Nations General Assembly XXXV, October 27, 1980

...Canada views its participation in disarmament and arms-control negotiations as one of the most important aspects of its foreign policy. The cause of arms control and disarmament is no less than human survival on this planet. The achievement of verifiable arms-control agreements is one of the essential foundations of international security and, as such, is a cardinal objective for Canada. To this end, the Prime Minister of Canada, at the tenth Special Session of the United Nations devoted to disarmament, put forward a number of proposals to contain the ominous growth of the world's nuclear arsenals, and in further pursuit of this objective, an Ambassador for Disarmament has been appointed for the first time.

This Committee is reviewing developments in the field of disarmament in the light of recent events. The conclusions we reach will enable us to assess prospects for the future. The Committee can equip itself to look ahead towards 1982, for at the second Special Session devoted to disarmament we will be passing judgments on both the machinery set up in the disarmament field and the over-all progress realized in implementing the Program of Action. The intervening period between now and 1982 is, therefore, critical if we are to break the present impasse and take positive steps towards the realization of measures we all agreed to in the Program of Action.

The present international atmosphere is bound to have an effect on our deliberations. An independent and non-aligned country has been invaded by its larger and more powerful neighbour. Other military conflicts have also broken out. In the arms-control context, the words of the Canadian Prime Minister — that "Declarations of good intent are no substitute for real disarmament. They need be violated only once." — take on topical significance.

The arms-control process is painfully slow under the best of circumstances. In 1979, we anticipated both the ratification of SALT II [Strategic Arms Limitation Talks] and looked to the drafting of the comprehensive test ban treaty in 1980. We were disappointed. The lesson is that, in matters of international security obtained through arms-control negotiations, the process of negotiation is inextricably linked to world events. We regret that SALT II has not been ratified. In our judgment, SALT II serves the security interests of all, and sets the stage for further significant advance. We are pleased to note, however, that the Soviet Union has set aside preconditions for the commencement of bilateral talks with the U.S.A. on the limitation of long-range theatre nuclear forces in Europe. Besides the intrinsic importance of these talks, we hope that they will be a prelude to an early full resumption of the SALT process.

The continuation of this process and a comprehensive nuclear test ban treaty are

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essential to slow, halt, and to begin to reverse, the momentum of nuclear-weapons developments. Canada considers that a ban on the production of fissionable material for weapons purposes through strengthening and making more equal the impact of the non-proliferation regime would also contribute to achieving that objective. We therefore continue to advocate this concept. As a result of past General Assembly resolutions, it is before the Committee on Disarmament.

Working groups

Mr. Chairman, we are pleased that the work of the Committee on Disarmament is strengthened this year by the presence of all nuclear powers at the negotiating table and by the establishment of working groups. These groups will provide opportunities for all member states to play a more active role. Canada is particularly pleased that a working group on a chemical weapons treaty began study of some of the main questions, including verification. We believe that verification is at the heart of any effective arms-control proposal.

There have been a number of reports and accusations concerning the use of chemical weapons, and in these circumstances we believe it important that there be objective means to verify or finally put to rest rumours that undermine confidence in agreements already reached in this field. Unless this is done, it will be all the harder to reach future agreements on the basis of mutual respect and confidence.

As for negotiations outside the Committee on Disarmament, the trilateral negotiations on a comprehensive nuclear test ban and the bilateral talks on the chemical weapons treaty are of fundamental importance. Adequate provision for verification is an essential part of the eventual conclusion of agreements in these areas. We share, for example, in the frustration over the apparent deadlock in negotiations leading to a comprehensive test ban treaty; but that is no reason for us to settle for a moratorium on nuclear testing — which, of course, makes no provision for verification, and leaves it up to the nuclear powers to begin testing, as they see fit, at the end of the period. Indeed, a moratorium is likely to delay the negotiations, and consequently any conclusion of a treaty which is, after all, our common goal.

Test ban treaty urgent

The urgency of the early realization of an effective multilateral comprehensive test ban treaty has been underlined not only by the continuing rapid pace of underground testing but also by the recent Chinese atmospheric test, China's first since 1978. Radioactive residue from the Chinese test has passed over Canada, with effects we have not yet assessed.

The Review Conference on the Bacteriological Biological Weapons Convention and the Non-Proliferation Weapons Treaty have taken place within this last year. While much useful work was accomplished and a large measure of agreement realized at the NPT Review Conference, Canada would have preferred an agreed final document. It might have focused on the Conference's reaffirmation of the validity of the means established to prevent proliferation as provided by the treaty, but would also have renewed the commitment of the nuclear-weapons states party to the treaty to Articles IV and VI.

Mr. Chairman, there are three subjects highlighted in the Final Document of the first

Special Session on Disarmament which have as yet received little attention.

The first is paragraph 81 on conventional disarmament. Useful discussions on conventional weapons took place in the United Nations Disarmament Commission last spring. This should be just the beginning of our efforts to show balanced progress in the field of arms control. The recent successful conclusion of the UN Weapons Conference is a contribution to the development and elaboration of international humanitarian law.

The second is paragraph 80. It says, "To prevent an arms race in outer space, further measures should be taken and appropriate international negotiations held." The fact is that there already is an incipient arms competition in outer space. The continuation of this competition could well have a destabilizing effect on the present balance of weaponry and it is consequently Canada's view that efforts should be intensified to reach an international agreement on this matter.

**Verification
vital**

The third subject is the central issue of any meaningful arms-control agreement. It is verification. Point 9 of the permanent framework of the agenda of the Committee on Disarmament recognizes the necessity of adequate verification as a vital ingredient in negotiations. To encourage understanding of the complexities of verification, Canada tabled in the Committee last June a compendium of arms-control verification proposals. A second paper quantifying some aspects of this research was tabled more recently. A conceptual paper is in preparation, as is an updated version of the compendium. While these papers may help to develop an understanding of the basic elements in verification, there is also a need for papers on the verification problems of particular agreements under negotiation.

We believe that recent events, and the atmosphere that has consequently been created, are strong arguments in favour of verification as an integral part of arms-control agreements. There is therefore all the more reason to press ahead.

**Disarmament
a means to an
end**

Mr. Chairman, in conclusion I wish to assure members of this Committee of the determination of the Canadian government to make a sustained effort to contribute to the process of arms control and disarmament. The unsettling events which have transpired since this Committee last met, and the consequent deterioration of the international climate, have convinced us that even greater efforts must be made. In this regard, we should recall that the process of arms control and disarmament is not an end in itself, but rather a means to an end. The end, of course, is to secure the peace and stability of this planet, so that we might deal without distraction with the array of other vital problems which confront us. In all these respects, Canada remains deeply committed.



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Statements and Speeches

No. 80/26

CANADA'S ROLE IN THE DIALOGUE OF NORTH-SOUTH ISSUES

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Parliamentary Task Force on North-South Relations, Ottawa, October 29, 1980

...May I say also how pleased I am by the contribution the Task Force is making to the stimulation of public discussion on North-South issues, not only through the publication of the Interim Report, but also through the regular press coverage of its hearings. I am in full agreement with the Task Force recommendations with respect to promoting public awareness and discussion in Canada of North-South issues. I believe this aspect will be of crucial importance in the coming months and years. I would therefore welcome your further views on this key issue and I am particularly interested in how the Task Force sees its own role in this regard. If I may, I will return to this point later.

This issue is of course all the more important given the attention which will be focused on North-South questions during the course of 1981. The Global Negotiations, the proposed North-South Summit, the Ottawa Summit, the meeting of Commonwealth heads of government and negotiations in a variety of other fora will all require co-ordinated and effective Canadian positions. For this reason, parallel to the work of the Task Force, the government has initiated its own process of review of North-South issues and the role which Canada should play in the ongoing dialogue. I would like in my presentation, therefore, to highlight for you some preliminary thoughts on the state of the dialogue, both in terms of process and substance, as well as some of the specific issues which Canada will need to address in the coming months.

I do not think that there is any need to dwell today on the nature and scope of the problems which are encompassed under the North-South framework. You are all too well aware of the real economic constraints which developed countries, including Canada, are themselves now facing. You are all familiar with the statistics — the increasing number of the world's "absolute poor"; the escalating balance-of-payments difficulties of developing countries as a result of massive oil-price increases; the deteriorating economic situation in even the newly-industrializing countries. At the same time, and regrettably, statistics lose their shock value with repeated reference and we tend to become increasingly immune. It is therefore particularly important for all of us to keep central in our minds the human dimension — a dimension which many of you know from personal experience in developing countries.

The last time we met together was in New York City at the eleventh Special Session of the United Nations General Assembly. While the Special Session was but one element of the ongoing North-South dialogue, I would like to use it as a point of departure today for my comments on the process of the dialogue and its future prospects. If the Special Session cannot be characterized as a total success, it should

also not be considered a total failure. While it is always difficult to sum up an international meeting in a few words, I believe the Special Session should be regarded simply as one more way-station in a long and often frustrating process of dialogue and negotiation between a host of countries with very differing interests and perspectives.

As you are aware, the final results of the Session were twofold. On the International Development Strategy a consensus on substance was reached and the Strategy will come into effect on January 1, 1981. Formal adoption, however, was deferred until the current Regular Session as the Group of 77 preferred that it be linked to the launching of the Global Negotiations. In spite of the fact that the IDS does not conform to all of Canada's policies, — and reservations or interpretative statements will thus be necessary on some aspects — the adoption of a development strategy for the 1980s will be an important symbol of the determination of all governments to work together to foster the development of developing countries in the coming years.

Global Negotiations

Progress in recent years has been slow, however. Developing countries had therefore focused on the second objective of the Special Session — the launching of Global Negotiations for international economic co-operation for development — to give a new impetus to the dialogue. As you know, negotiations in New York focused on procedural arrangements for the Global Negotiations to the exclusion of discussions on the agenda. A compromise text was developed involving a three-stage process: in the first phase a central forum in New York would set objectives and guidelines for the negotiations; in a second stage, the actual negotiations would take place in existing specialized institutions or in *ad hoc* groups in New York. In the third, and final stage, the central body would receive the results of those negotiations and arrive at an overall package agreement. This compromise was ultimately acceptable to all delegations — developed as well as developing — except for three countries which remained concerned that the role assigned to the central forum would impinge on the existing mandates and autonomy of the specialized institutions. For its part, Canada, while sharing these concerns, considered that the text offered sufficient protection for the specialized institutions and we therefore supported it as a signal of our commitment to see the Global Negotiations get off the ground.

The end result of the failure to reach full consensus was that the entire question of Global Negotiations was remitted to the current Regular Session of the General Assembly, where open debate is now scheduled to commence on November 17. The President of the Assembly, however, will in the meantime convene a group of countries, probably including Canada, to begin tackling the issue once again.

Energy first priority on agenda

Agreement on an agenda, which was the focus of attention in preparatory meetings for the Special Session, will also be difficult. The industrialized countries sought a selective agenda which would focus on key themes in the areas of energy, food and agriculture, trade, development and money and finance. For most, energy was — unsurprisingly — the key priority. Some OPEC [Organization of Petroleum Exporting Countries] countries, in particular the surplus-oil producers have, however, not yet taken a clear position and seem anxious to preserve their flexibility with respect to predictability of price and supply, despite their interest in preserving the real value of

their assets. The Group of 77, given the diverse interests of its members, is — again unsurprisingly — demanding an agenda that is as comprehensive as possible. I believe that both sides, and certainly Canada, are aware that a compromise will be required and that both sides are ready to make the necessary efforts to reach one.

While the outcome of the negotiations in New York is by no means certain, I am hopeful that all parties will be prepared to negotiate positively and flexibly so that it will be possible to reach sufficient agreement on the procedural framework and the agenda to allow the Global Negotiations to be successfully launched in the new year. A further failure would represent a serious blow to the North-South dialogue. Bearing in mind the first recommendation of your own Interim Report, the Canadian delegation will again be instructed to participate actively and constructively in the negotiations, as it did at the Special Session, to further this end.

Despite the difficulties outlined above, I still believe that for the foreseeable future, the main public forum in the North-South negotiating process will be the United Nations, and the Global Negotiations in particular. This is because of the Group of 77's determination to work within a more universal and politically-sensitive forum, where their decision-making influence is greater and where linkage between issues is more possible. Thus, in spite of the frustrations and delays associated with a fully universal process, we shall all have to live with it, and to adapt to it. And this is not to suggest that the UN forum is unproductive. A long list of practical agreements, including the Common Fund, have been successfully negotiated in past months, notably in UNCTAD (the United Nations Conference on Trade and Development). Similarly in the specialized fora of the United Nations system, such as the World Bank, the IMF [International Monetary Fund], and the GATT [General Agreement on Tariffs and Trade], we believe that progress has been made on specific problems in a pragmatic way. The developing countries, nevertheless, see these institutions as not sufficiently responsive. Future initiatives within these fora must therefore address their perceived needs at the same time as we attempt to convince them that they too have a stake in the system. Thus, if we are to make progress in the dialogue, we shall have to utilize all the various institutional mechanisms, including such associations as the Commonwealth and such instruments as mini-summits, in the most flexible manner possible.

**Group of 77's
difficulties**

Even given such flexibility, the process of the dialogue will never be easy. The Group of 77 now comprises 118 very heterogeneous countries with different levels of development, different problems and different aims. In view of this, it is hardly surprising that the Group encounters extreme difficulty in reconciling the very divergent interests of its members. Thus, it is often forced to fall back on to rigid positions and the use of rhetoric and politicization to cover its own difficulties in reaching agreement; hence also the Group's tendency to focus on institutional demands for greater international power-sharing — an area where common interests are clearer than on specific substantive issues. But the group approach does serve the 77's purposes. It provides the developing countries with real bargaining leverage and is probably a genuinely necessary organizational instrument for negotiations. Thus, we should accept that unity of the Group of 77, while suffering strains particularly over energy, is likely to be maintained. At the same time, for Western countries, more effective consulta-

tion as well as greater willingness to develop initiatives — rather than always reacting to the Group of 77 — should be developed. And, in improving our negotiating mechanisms, we must seek to minimize sterile bloc-to-bloc confrontation.

Quite apart from the process there is an urgent need for Canada — the government, Parliament, and the public — to focus on the substance of North-South issues. The Western response in the past to the needs of the Third World has been largely reactive and, in the view of the developing countries, inadequate. There seems, however, to be a growing awareness, fostered in part by the Brandt Report, of the reality of global interdependence and the mutuality of interest — a theme which is also effectively developed with respect to specific issues by our own North-South Institute. And there is a growing appreciation of the need for effective action.

Canada's focus

I would therefore like to turn now to the major issues which I believe Canada must address in the coming months. In preface I would like to make a number of basic points. First, given the natural differentiation of interests and resources among developing countries, policy instruments and solutions will also have to be differentiated. Some will need to focus on the poorest, some on the middle-income industrializing countries and some on OPEC. For this reason, aid alone is not sufficient. Similarly, and of equal importance, the capacity to respond among developed countries is differentiated whether individually or in concert. Secondly, we must continually bear in mind that ultimately the responsibility for development will fall on the developing countries themselves and many of them will need to develop more effective domestic policies in this regard. They will, nonetheless, clearly need help and most particularly, a more favourable international environment. Thirdly, it is clear that all of the related policy options will have costs for Canada, whether political or financial — and some will be very high. Examined one by one, there are always reasons to reject policy changes, particularly in face of criticism from domestic lobbies. But, if in such a process they are all rejected, the outlook for developing countries — and in the end for all countries — will be bleak. There is need to ensure, therefore, that we adopt a comprehensive perspective in which the North-South aspect is clearly borne in mind, even as we look at each individual sectoral issue.

In this respect, I was struck by the second recommendation in your Interim Report "that, in policy-making in Canada and in proposing policy in international fora for the resolution of the current world economic crisis, the government assign a high priority to the needs of developing countries and in particular to the needs of the poorest people". This recommendation clearly has implications beyond aid and points to the need for the type of comprehensive and co-ordinated approach I have suggested. I look forward to your further suggestions as to how this objective might be achieved.

Longer-term prospects

Finally, Mr. Chairman, and most importantly, I am convinced of the need to examine how we as politicians can take a longer-term approach to issues. It is perhaps inevitable that, within a democratic system responsive to the public, we often settle for short-term solutions. This is true even when we know that, in our longer-term interests, an alternative policy might be the best choice. We are only beginning to understand the longer-term perspectives of international economic relations. But we

must, I believe, keep these foremost in our minds when addressing the issues before us. We must begin to deal more with the future.

Mr. Chairman, the issues of concern to the developing countries are both numerous and complex with many interlinkages. I wish to highlight the major areas and, within each, some key questions for Canada, which I hope your final report will also focus upon. Aid certainly is crucial but I must emphasize that aid is no longer, if it ever was, the only answer. The areas of energy, money and finance, trade and commodities, food and agriculture, and technology are no less important — although structurally perhaps more difficult to grapple with.

Energy

I think there is general agreement, endorsed by the Venice Summit, that the question of increased assistance for energy development in developing countries must be tackled. Canada must examine what further contribution it can make bilaterally and multilaterally to achieve this objective. As you know, it was announced yesterday that Petro-Canada will soon be establishing a subsidiary company for the purpose of exploration in developing countries. Another central issue is how to deal with the issue of predictability of oil price and production levels, the protection of the value of financial assets obtained for oil, and the staggering effects of the current price of oil on the development plans of the developing countries.

Money and finance

Whereas some years ago commodities were the focus of concern, today money and finance have priority. Recommendation three of your Interim Report has highlighted the problem of the recycling of oil revenue surpluses and I look forward to your further views on how to pursue this objective. Clearly the international financial community is alert to this issue and I welcome the efforts of the IMF and World Bank in this regard. Quite clearly, however, a greater and more concerted effort is required to deal with a problem of this magnitude. Canada must examine what position it should take with respect to developing-country demands for an increased role in the IMF decision-making process, for increased access to financing on more concessional terms, and for a more sympathetic approach to conditionality, including one which takes into greater account the impact of external forces on their economies. Can we support the proposed increases in the Bank's capital base and/or changes in the gearing ratio? Should we contribute more to subsidizing the interest rates on loans to developing countries? Finally, in making our response, how can we ensure that whatever new measures are adopted will not impede the international financial institutions' ability to perform effectively those monetary functions which remain vital to international economic discipline and stability?

Trade

Probably the key concern to developing countries in this area is their fear of increasing protectionism. In their view this is inherently linked to the question of structural adjustment in developed countries. It is true that, if they are to improve their export prospects and their balance-of-payments situation — and in turn their capacity to import — access to markets in the developed countries is vital. In my mind, therefore, while I recognize the political sensitivity of this area — particularly in domestic terms — and the real economic constraints which exist, we must face this issue squarely and examine what measures can realistically be taken. One area may be with respect to our General Preferential Tariff. I look forward to the Task Force's recommendations in this area.

Food

One of the key problems in this area is the low priority assigned to agricultural development by many developing countries. Given the levels of malnutrition and starvation in many countries, however, food aid will likely remain essential for some time to come. To what extent, and how, should Canada increase assistance to help developing countries make fuller use of their agricultural potential? Can more be done multilaterally, perhaps by greater support for international agricultural research centres?

Aid

Aid, particularly for the poorest, will remain critical for many years to come. But it alone cannot provide the basis for healthy growing economies in the developing areas. Responses in other areas will also be necessary. This said, I believe we have to examine, as you have suggested, the quality and philosophy of aid and I look forward to your recommendations in this regard. The key question is probably what can be done to improve the lot of the poorest. In addition, I know we are all pleased that Canada's ODA [official development assistance] will begin to increase again after a period of decline. We must now consider what measures further to those announced must be taken to ensure that our commitment to higher levels can be met, and what is the best use for the additional funds. I would, in particular, welcome the views of the Task Force on the factors that bear on aid effectiveness and how this effectiveness may be improved. A more general question, which I believe also merits examination is whether systems cannot be developed, domestically as well as internationally, to ensure a more reliable or "automatic" transfer of resources. Similarly, what realistic link could be established between development and disarmament?

These, I suggest, are some of the key policy areas to be examined. Against this background, the government will also be considering what opportunities there are for Canada to play a helpful, or catalytic, role in the North-South area. As a member of the Western Summit Group, and host to next year's meeting, we are a member of the major industrialized "club". Our participation in the Like-minded Group provides us with links to other middle powers. Our membership in the Commonwealth and la Francophonie, our hemispheric links and special ties to the Caribbean, and our Pacific window on Asia provide us with privileged access to the developing world. Thus, Canada is in a favourable position — particularly in the coming year — to stimulate movement and attempt to conciliate the conflicting views of our major industrialized partners and those of the developing world.

In order to play such a role in the dialogue, we must try to develop an organizing principle with regard to Canada's contributions to the substantive aspects of North-South relations — a principle which takes account of our structural uniqueness as a resource exporter and capital and technology importer. We should examine the areas where we can make a significant but perhaps qualitatively different contribution from others. The impact of these potential contributions may involve a departure from present patterns but a more effective and more rational international division of labour regarding assistance to developing countries could result.

**Public support
vital**

Finally, — and I reiterate now one of my initial points — if Canada is to address the issues positively and to play a constructive role in the dialogue, increased public awareness and support will be critical. As Mr. Breau is aware, I have just held con-

sultations with concerned Canadians regarding the objectives and operation of the Futures Secretariat, whose establishment I announced at the Special Session. The Futures Secretariat is, of course, intended to complement an already extensive network of NGOs [non-governmental organizations] who have been working for years to educate and involve the public on development issues, not only aid-related but on the broader concerns referred to above. Parliamentarians have also contributed to the process, as for example in 1975 when three of our colleagues toured the country. We must now, I believe, seek to intensify the level of grassroots involvement if we are, as I have suggested, to begin to deal with these issues on a longer-term basis. How can we as politicians play our part? That is an important question that we must answer.

Mr. Chairman, the year 1981 will present a number of opportunities both for Canada and the international community to move ahead in the North-South dialogue. The proposed North-South Summit, the Ottawa Economic Summit, and the Commonwealth heads of government meeting will all help to sensitize governments and publics further to the issues and allow more frank and informal talks to overcome rhetoric and bloc-to-bloc confrontation. The Global Negotiations will, I hope, present an opportunity to integrate and give new impetus to the negotiation of specific problems. But we must not become too 'event' oriented. It is not the discussions themselves which are important. It is their outcome. The needs are great and increased international co-operation in the search for solutions is the only answer. It is in this context — of both need and hope — that I look forward with anticipation to the Task Force's contribution to this search.



Statements and Speeches

No. 80/27

THE LINK BETWEEN DISARMAMENT AND DEVELOPMENT

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to a Symposium on Disarmament, University of Waterloo, Waterloo, Ontario, October 31, 1980

...For the two military alliances in the developed world, security rests chiefly on a system of deterrence, the essential component of which is a stable balance of forces. Thus, mutual deterrence has been the main element throughout the past 35 years in preventing a war in which the most powerful weapons ever available would be used. This form of security is clearly not ideal, since it carries with it the risk of mutual annihilation. Real security will be achieved only when there is a disarmament which has international agreement and is verifiable. In the meantime, our immediate disarmament objective must be the pursuit of undiminished security at lower levels of armaments, both in terms of destructive capability and cost.

But would there then be real security in the broadest sense of the word? The Brandt Commission Report, on international development issues, calls for a new concept of security, in the following words:

"An important task of constructive international policy will have to consist in providing a new, more comprehensive understanding of 'security' which would be less restricted to the purely military aspects."

Putting it more bluntly, the Report also says:

"History has taught us that wars produce hunger, but we are less aware that mass poverty can lead to war or end in chaos. While hunger rules peace cannot prevail. He who wants to ban war must also ban mass poverty. Morally it makes no difference whether a human being is killed in war or is condemned to starve to death because of the indifference of others."

As you have gathered, as well as speaking about disarmament, which is a vital element of security, I would like to speak about development, and the relationship between disarmament and development. By linking the two, we are pointing to a more positive motivation for disarmament than simple survival. If even a small fraction of the more than \$500 billion spent annually on military purposes were to be added to the \$20 billion now spent on aid, there would be a real possibility of making concrete, and even dramatic progress on solving existing development problems.

Annual global military expenditures are now estimated to be \$500 billion. This is equal to more than \$1 billion a day or, if you wish, almost \$1 million a minute. Since the Second World War, the direct costs of the arms race have exceeded \$6 trillion, almost as much as the gross national product of the entire world in 1975. Six countries — the Soviet Union, the United States, China, France, the United Kingdom and

Military
expenditures

the Federal Republic of Germany — account for about 72 per cent of world military spending, about 96 per cent of all research and development for military purposes, 90 per cent of all military exports and 95 per cent of exports of major weapons to developing countries.

It is understandable that the developing countries prefer to look at the vast armaments expenditures of the developed countries, and to emphasize the economic motivation for disarmament. But military spending must also be seen relative to the wealth of the countries concerned. It is, therefore, appropriate that the military expenditures of the developing countries also be examined.

These countries have about 50 per cent of the world's population and account for only 14 per cent of the world's military expenditures, with China accounting for more than two-thirds of this. But while they appear small in the global context, the arms budgets of developing countries loom much larger when compared to their limited resources and their urgent social and economic needs. Unfortunately, the growth rate of these expenditures is running ahead of average world rates, and their share has risen from 6 per cent ten years ago to 14 per cent today.

But it would be misleading to assume that all developing countries have increased military spending at the same rate. In South America, for example, the rate of increase was lower in the five years prior to 1978 than in the five preceding years. In addition, a large part of the over-all increase among less developed countries is accounted for among Middle East countries, whose average annual growth in military spending has been 13.5 per cent in each of the last ten years, compared to a NATO [North Atlantic Treaty Organization] average expenditure growth of less than 3 per cent. Although increased spending in the Middle East has been due in large part to the tensions there, it is generally true that the higher the income of developing countries, the more rapid the increase in military spending. For example, the military expenditures of OPEC countries [Organization of Petroleum Exporting Countries] increased at an average of 15 per cent annually over the past ten years. Among non-oil-producing developing countries, it increased at a rate of 7.5 per cent among those with higher incomes and at only 3.5 per cent among those with lower incomes.

But the burden of military spending is most effectively measured as a percentage of gross national product. In this respect, the Middle East far surpasses other regions of the world. The defence budgets of 11 countries of that region absorb 17 per cent of their GNP. Egypt's burden, for example, was more than 25 per cent of its GNP in the mid-Seventies; NATO, Warsaw Pact countries and most of the Far Eastern countries average around 4 per cent of GNP, while 32 African countries average 2.5 per cent.

Conventional armaments

When considering military expenditures, we should keep in mind that 80 per cent of all spending is on conventional armaments. While we cannot minimize the nuclear threat, we have to remember that conventional weapons have been used to kill 25 million people in 133 wars since the end of the Second World War. For this reason, Canada holds the view that disarmament efforts must not be directed solely to the nuclear threat.

The question of reducing conventional arms sales is an important aspect of disarmament. About two-thirds of the \$20 billion of arms sold each year are purchased by developing countries. In this regard, Canada has supported the establishment of a United Nations' arms-transfer register. We have done so not to deny developing countries the right to provide for their security, as some have alleged, but because we believe it would be a useful confidence-building measure, especially among arms importers in the same region, and because it could eventually lead to a reduction of this burden on developing countries, thereby providing more resources for development. Unfortunately, this proposal has not progressed, chiefly because of resistance from most arms-importing developing countries, from the East Bloc and even from some Western arms-exporting countries.

Although the proportion of GNP spent for military purposes in developed countries is only about 4 per cent, a significant number of companies in these countries depend on military expenditure for their existence. Over the years it has been argued that military spending is good for the economies of developed countries, especially, for example, in the realm of high technology. In fact, in recent years a much larger volume of high technology development has resulted from non-military research and development than was previously the case. During the Sixties, also, a number of studies concluded that although problems would ensue for certain industries should military spending be reduced significantly, these difficulties would not be insoluble.

Study group

In the light of these factors, the United Nations in 1978 directed that an expert group undertake a study on the relationship between disarmament and development or, more explicitly, to determine how disarmament can contribute to the establishment of the new international economic order. Among other things, the study will investigate measures to minimize transitional difficulties which may arise in moving from military to non-military industrial production. It will examine, for example, advance planning for changeovers, phased withdrawal from military production, worker retraining on relocation, identification of new markets and such policy options as tax concessions, subsidies and compensation. Should the results of the study reassure those whose employment now depends on military production, they can help in lessening the resistance to disarmament which inherently accompanies such employment.

Canada is contributing to this massive study in a number of ways. The Department of External Affairs has funded two studies dealing with the impact of Canadian and American military expenditures and the impact of disarmament on the Canadian economy. At the time when the comprehensive United Nations' study is completed and made public in September of 1981, the Government of Canada will publish a version of it designed for popular reading by the public, again in an effort to heighten public awareness of the issues and lessen anxieties about the effects of disarmament.

I realize that I have not spoken of Canada's contribution in many of the disarmament negotiations and discussions now under way, from those on a complete prohibition of nuclear testing, to those on chemical weapons and radiological weapons. Nor have I spoken of the obviously vital relationship between the superpowers, and the various bilateral disarmament discussions and arrangements. However, because these themes

are discussed quite frequently, because of their immediacy and importance, I thought you might wish to take a broader and longer-term look at the economic aspect of disarmament, and in particular, the linkage between disarmament and development.

In conclusion, I would like to suggest that those in the academic field, whether as professors or students, have a role to play in this approach to disarmament, both in the recognition of these realities and dispelling the forces of inaction. The problems of disarmament have been with us for several decades; the shape of the new economic order has emerged more recently. But recognition of our difficulties has not necessarily brought us closer to resolving them. And for many, this failure brings the risk of discouragement, despair and cynicism. In the final analysis, that may be the greatest impediment to breaking down the barriers to effective action. We must reject the notion that it is naive to pursue disarmament in a world whose existence is threatened by the armaments of two superpowers. Likewise, we must help our people to understand that it is imperative to work towards closing the economic gap that separates the world into the very rich and the very poor.

Three years ago, Olaf Palme, who is now heading a commission of world figures who are examining disarmament issues, was speaking about the relationship between disarmament and development. He said:

"If two trends which threaten peace can be transformed into one process that would enhance the possibilities of peace, why should we not do our utmost to attain the change of direction?"

I suggest to you that this is an objective most worthy of our efforts, both mine and yours.

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Statements and Speeches

No. 80/28

REAFFIRMATION OF PRINCIPLES OF FINAL ACT

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at the Opening Session of the Madrid Follow-Up Meeting of the Conference on Security and Co-operation in Europe, Madrid, Spain, November 12, 1980

...In July and August 1975, when the leaders of our countries met in Helsinki to sign the Final Act, hopes were high that we had made a creative and lasting contribution to *détente* in Europe and to world peace. Since then, and indeed in most recent times, those hopes have somewhat dimmed. Nevertheless, Mr. Chairman, Canada remains firmly convinced that the CSCE [Conference on Security and Co-operation in Europe] can be a forum of real value and that the Final Act sets out rules of conduct and standards of behaviour which, if truly observed, could bring great benefit to the people of all our countries.

I think it reasonable to say that, despite serious setbacks, the world is a better place for the conclusion of the Final Act of Helsinki in 1975. We have all no doubt fallen short of the standards which it established and have not fulfilled its objectives to the degree we might have done. Nevertheless, we have, over the past five years, seen important developments in co-operation between participating states through economic, scientific, cultural and other exchanges. These have unquestionably enriched life for our people and have widened the horizons of our governments. There has been, too, some improvement in the freedom of individuals to move about, across the borders of our states, in their lawful pursuits. There has been a recognition that, with all due respect for national sovereignty, no state is an island unto itself, able to conduct its affairs, either internal or external, in complete disregard of its neighbours. As in everything else in human endeavour, however, practice is not perfect. If I speak now more of the shortcomings which need to be remedied, it is because we should set for ourselves a high standard of behaviour and compliance with the international obligations freely entered into, in adopting the Helsinki Final Act. We are here collectively to examine our shortcomings; to find remedies for them; and to build in a constructive way upon our experience.

Mr. Chairman, the position of the Canadian delegation in this general debate begins with the Final Act. We must conduct a careful and objective review of the current implementation of the Act and emphasize respect for its principles. We can meet the intent of the Act only by judging and improving the quality of our performance and, then, by devising new proposals aimed at broadening our commitments.

Moreover, the Final Act is an institutional expression of a policy designed to reduce tensions and to increase co-operation in Europe. It therefore provides us with guidance for assessing the state of East-West relations, another of our tasks here in Madrid.

On this point I must note that the Madrid meeting has taken on a much greater importance than could have been foreseen when it was scheduled several years ago. The

East-West
relations

deterioration in East-West relations, culminating last December in the Soviet intervention in Afghanistan, cannot be ignored in this forum. No matter how the intervention is perceived, the international environment has been severely damaged as has the confidence which so crucially underpins the policy of *détente*. We cannot view the Afghan crisis as a purely local or regional issue, or one that falls outside the East-West purview.

At a minimum, Soviet actions have challenged directly the principles in the Final Act of sovereign equality, refraining from the threat or use of force, inviolability of frontiers, the territorial integrity of states, non-intervention in internal affairs and equal rights and self-determination of peoples. Yet under the Act, the participating states expressed their conviction of the need to make *détente* a comprehensive process, universal in scope. They determined to refrain from the use of force against the territorial integrity or political independence of any state. They declared their intention to conduct their relations with all other states in the spirit of the principles of the Final Act. They expressed their common will to act, in the application of those principles, in conformity with the purposes and principles of the Charter of the United Nations.

History has taught us painfully that confidence and stability in one region of the world cannot remain unaffected by distrust and instability in another quarter of the globe. To ensure that confidence prevails in Europe, the participating states must accept that the same rules of conduct must apply elsewhere. In the absence of such an understanding, and of any clearly-defined boundary between the pursuit of national interests and the practice of restraint, the policy that we have called *détente* will inevitably be undermined.

Meaning of *détente*

The alternative to *détente*, the most basic concept of which is the avoidance of resort to armed conflict, is something none of us can contemplate with equanimity. But this irreversibility does not necessarily apply to the apparatus of East-West co-operation, which has grown up around, and as a valued part, of *détente*. Measures which my government, and other governments represented here, were obliged to take in response to the Soviet intervention in Afghanistan, demonstrate this fact clearly enough.

The shadow of Afghanistan will inevitably chill *détente* as long as Soviet troops remain there. My government believes, nevertheless, that East and West must share an interest in maintaining a balance of military potential and, accordingly, will continue to follow policies aimed at reducing tensions and expanding co-operation in a process which must be reciprocal, global and indivisible. But if this is what *détente* means, we intend to ensure that it rests on a firm foundation of deterrence.

Mr. Chairman, it is clear that we shall not be able to increase confidence in the political sphere as long as the build-up of arms continues unabated. Political *détente* and the deceleration of the arms race are inseparable. Confidence created by each has a mutually reinforcing impact on the other.

Confidence- building measures

Looking at the Final Act, we find that its provisions regarding questions of improving military security are modest. Nonetheless, the confidence-building measures instituted

in Helsinki can contribute to a more stable environment in Central Europe, the most acute area of potential armed confrontation.

The experience we have gained over the past five years with confidence-building measures has been positive. It encourages us to explore the suggestion in the Final Act that they could be developed and enlarged in order to strengthen confidence. The adoption of more developed and extended confidence-building measures could create an atmosphere of greater openness and stability in military affairs, which could be followed by the adoption of real disarmament measures and an agreement on the peaceful settlement of disputes and, ultimately, on a non-aggression pact. However, we maintain that, for confidence-building measures to play this role, they must be militarily significant, verifiable, reciprocally mandatory, and applicable throughout Europe from the Atlantic Ocean to the Ural Mountains. We believe that as long as these criteria prevail, a mandate could emerge from our meeting in Madrid for convening a subsequent meeting, perhaps at a high level, which would explore ways of developing and extending confidence-building measures and report back to the next CSCE follow-up meeting on the results of its work.

On questions of disarmament, I cannot over-emphasize the concrete aspect. We shall not make real progress through declarations of good faith or by trying to legislate intentions. We must come to grips with the real issue, that of military capabilities. In other words, we must limit the capacity to wage war.

**Diverse
opportunities
for co-operation**

Mr. Chairman, the Final Act offers many opportunities for greater co-operation in the field of economics, science and technology, and the environment. We acknowledged in the Final Act that co-operation in these fields can be developed on the basis of equality, mutual satisfaction and reciprocity. Over the coming weeks, reciprocity, a key element of *détente*, will be much in the minds of my delegation as we review implementation, particularly in commercial and scientific exchanges. We seek a solid basis on which to build and expand co-operation in the future.

The participating states, constituting as they do the largest part of the international industrial community, share grave responsibilities within the larger world system. We are faced with immense challenges. We must co-operate to meet them. We should seek a more rational allocation of resources, which would benefit not only the peoples of Europe and North America, but the developing world as well. We should work together in order to relieve the pressure that the rising aspirations of our peoples place on the limited capacity of our economies. We need to respond, within the limits of our abilities, to the legitimate demands of the countries of the Third World. We must solve the energy crisis and prevent the further depletion of other natural resources. We must protect and improve the environment. These problems require mutual collaboration in a spirit of confidence and reciprocal benefit because, in essence, they all deal with the well-being of people.

In fact, Mr. Chairman, I would submit that what the Final Act is all about, is people. Concern for disarmament, for peace, is really concern for our people. So are concerns which impinge more directly on individuals and communities. This assertion is not to arrogate any special priority. The emphasis that Canada places on the principle of

Human rights

human rights and its application in humanitarian co-operation between participating states is not a distortion of the balance of the Final Act. The mutual confidence that that document was intended to impart to our relations is basically to build confidence between people. I must note, with great sadness, however, that since the Final Act was signed, people have been harassed, arrested, tried, exiled and imprisoned, simply for trying to monitor and to exercise their rights, endorsed in the Act. This persecution is inevitably a major cause of friction in East-West relations today.

Although human rights are open to varying interpretations, the Final Act requires agreement on certain concepts and on the "inherent dignity of the human person". We have subscribed to common standards of human rights behaviour in the Universal Declaration of Human Rights and the relevant international covenants. I believe, then, that it is correct and important to urge all participating states to bring their human rights practices into line with the norms to which they have freely subscribed in these agreements. Mr. Chairman, this follow-up meeting of the CSCE provides a legitimate and, indeed, a necessary forum in which to do so.

Since the Final Act was signed, the movement of people between East and West has become more open and, in our relations with some of the participating states, there have been gratifying advances in family reunification and visits. But, there remain outstanding cases and problems which basically are of two orders: on the one hand, there are administrative barriers, such as the multiplicity of authorities with which individuals and our embassies must deal regarding travel for family reasons. Such problems can be overcome by making practical changes. On the other hand, there is the far more vexing problem of complications over the status of sponsors for family reunification and family visits. In rejecting pleas to co-operate in overcoming this problem, some of the participating states adduce Principle VI on non-intervention in internal affairs. But this principle pertains to illegal interventions, exercised by coercion. It is not intended to apply to obligations established by international agreements such as the human rights covenants.

While the participating states agreed in the Final Act not to intervene in matters falling within each other's jurisdiction, it is clear that human rights such as the right to leave one's country and return freely, take precedence over domestic jurisdiction. Moreover, while we agreed in the Final Act to respect each other's right to determine laws and regulations, we also agreed that, in exercising this right, we would conform with our legal obligations under international law. Therefore, Mr. Chairman, I am clearly on firm ground in maintaining that the laws and regulations of the participating states on the application of human rights, such as the right to leave one's country, must conform with international obligations.

Mr. Chairman, I hope I have been able to demonstrate that there is room for a useful exchange of views concerning the principle of human rights and its application in Basket III matters. I hope that the results of this debate will be to narrow the gaps between us on these issues. While we may not reach total agreement, we may well achieve a better understanding which could, I suggest, be reflected in expressions of determination to respect the relevant principles and to improve our implementation of those provisions of the Final Act pertaining to humanitarian issues. Moreover, we

could take new steps forward in this regard. I should hope that our exchange of views and our decisions in these fields will be included as part of a balanced result of this meeting in our concluding document.

Experts
meeting
proposed

One kind of result which I would propose would be a CSCE experts meeting or even a high-level meeting to discuss the protection of the principles of human rights and fundamental freedoms, which are reaffirmed in Principle VII of the Final Act, and the application of these rights in Basket III dealing particularly with the question of freer movement of people among the participating states. During the course of our discussions here, my delegation will further elaborate on this idea and will propose a mandate and the modalities for holding such a meeting.

It should be recognized, Mr. Chairman, that there is an ideological dimension involved. The systems and institutions or, in other words, the ideology of many of the participating states is based, in great part, on the conviction of the rights of the individual and the rule of law, which is deeply rooted in the history of our societies. In the past we have argued in favour of ideological *détente*. The principles of the Final Act embody relevant and essential concepts: ideological pluralism; ideological non-intervention; freedom of ideological choice; and access to ideological information (that is, the freer flow of ideas). We believe that acceptance of these concepts, both in theory and in practice, is essential to the pursuit of *détente*.

In our view, all participating states could contribute to ideological *détente* by refraining from acts which arouse distrust and concentrate instead on increasing confidence. The participating states could further contribute to ideological *détente* by removing the barriers to the freer flow of information. This would permit people to have unimpeded access to the experience and ideas of others. Surely each government represented here has sufficient confidence in its own system to permit its citizens to give their support to that system on the basis of free choice rather than coercion.

The task
ahead

In conclusion, Mr. Chairman, I again refer to the Final Act. We have now had five years to assess its impact and to identify the impediments to its full implementation. The task ahead of us at this meeting is clear. We should first conduct a careful and objective review of current respect for the principles and the implementation of the provisions of the Final Act. Our objectives should be to determine how close we have come to meeting the goals we set out in that document. At the conclusion of this review, we shall be able to determine what further needs to be done. Only with this information in hand, can we turn our attention to new proposals aimed at deepening our collective commitment to the purposes of the Final Act and to improving its implementation in a balanced way.

In anticipation of a fruitful outcome of the Madrid meeting, we must also bear in mind the need to continue the CSCE process on which so many hopes rest. This could be done by an unequivocal pledge to meet again in a third follow-up meeting to continue to assure ourselves that the principles and provisions of the Final Act are properly observed and, where they are not, that we take steps to rectify our shortcomings.

Mr. Chairman, my delegation looks forward to joining with others in new initiatives and to making the Madrid meeting an important milestone in strengthening security and deepening co-operation in Europe. However, it is essential that, before considering new proposals for further developing the CSCE process, we must ensure that there is a credible demonstration of political will among all the participating states to respect the principles and objectives of the Final Act to which we have already pledged our faith. We must work to restore confidence between the states participating in this meeting at Madrid and in this way to make a solid, realistic contribution to *détente*.



Statements and Speeches

No. 80/29

POWER-SHARING A POLITICAL ISSUE

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the North-South Round Table of the Society for International Development, Ottawa, November 15, 1980

...I am able to say that the objects of your concern — North-South relations, global accommodation, international equity — are at the forefront of the Canadian government's approach in international affairs. I am also able to say that as a government, we are committed to the imperatives which motivate the North-South Round Table.

I acknowledge that as the foreign minister of the country playing host to an assembly of such high purpose as yours, I could hardly be expected to say any less. But I hope you will take it at face value if I stress that we mean it.

We are committed to the imperative that global solutions have to be found, urgently, to our obvious problems, and to the notion that, as a participant in the process, the Canadian government has a role of creative responsibility to play. This is easily said. Far less easily done. For the dialogue which is supposed to apply to your deliberations, and to the world's North-South agenda, is clouded and confused.

On certain aspects of global relations, responsibilities are clear — the responsibility, for example, for the industrialized countries, even in time of economic difficulty, to increase their aid levels to the developing countries whose situations are vastly more hard-pressed. Our government has done this. We've put our aid budget back on the track of real growth. This is important. It is important to the governments, and through them, the peoples we assist. It also attests to the *bona fides* of the commitment which the Canadian people are, through their Parliament, making.

I disagree strongly with those who maintain that aid doesn't really aid. I have never heard this argument from representatives of the developing countries and peoples who benefit from assistance. Nor, for that matter, have I heard it from countries or governments which have a record of excellence in giving development assistance. I reject it. But we all recognize, I think, that aid is not the essential point in the North-South agenda.

The essential point is that of economic opportunity itself. For decades now, the extension of economic opportunity has been seen by development economists as a function of structural reform. This is true, whatever value one attaches to the notion of reform. It is surprising, however, that it is not generally recognized that we are talking about an inherently political issue. It is a question not just of economic process, of mechanism, but is indeed one of power. Of the global sharing of power.

This should not conjure up images of power in the standard historical and symbolical sense — of armies and navies, of conquest and of spoils, though I know that the

Economic
opportunity

notion runs strong that our present international system is in a sense the inheritance from an era of colonial conquest and spoils. That one has been argued endlessly. I suggest we abandon the argument. The point, the essential political point, is to determine if the international economic system really works to the global advantage. There are clear signs it does not.

If it sustains poverty to the point where a billion people live on the margin of human existence, it does not. If a dozen, two dozen, perhaps more, recently dynamic, growing economies have had their promise crumpled by ballooning financial problems, it does not. And if the industrialized economies are themselves beset by uncertainty and confusion, it does not.

There is an erosion of confidence in the international economic process. The feeling is widespread that the international institutions are not working to common advantage and purpose. These, ladies and gentlemen, are fundamentally political problems. The solutions have to be developed at the political level. Because that's where choices are made. In fact, they are the kind of choices we, in government, make daily.

Let me assert at the outset that there is a world of difference between the experience of a national government office-holder responsible to a set of diverse, competing, interests and that of a committed representative of a compelling cause. I have been both — and, in all honesty, I try, as do my colleagues, to remain both. (Thank God for the committed exponents of the right causes! Without them, the causes wouldn't be advanced.)

But the two experiences are of different orders. I won't say which is the higher. I know what the public is said to think of politicians. But I know also which has the greater order of difficulty. It's necessarily the one where the choices are the hardest.

Unclear choices

At the national political level, at least in the industrialized democracies, the choices in the North-South area are not clear. In simplest terms, they seem to be between "us" and "others", between costs now and possible benefits later. But in a broader perspective, the choices can be seen to be vastly more complex, involving a mixture of costs and benefits. The direction individual governments should take needs clearer understanding at the international level.

I personally think that the present state of affairs in North-South relations has a lot to do with the absence of clarity about what we are attempting to do politically on the international level. There is a generally agreed concept of a new international economic order but only in what I consider to be notional and generalized terms of abstractions. When it comes to translating these into direct arrangements, the negotiating process fails us.

Much has been said about the nature of the negotiating process, about the need to find ways to negotiate on a less generalized level. I won't elaborate on this except to say that I understand the political dynamic involved in developing country solidarity for negotiating purposes. But to the extent that it obscures economic realities, it is part of our political problem.

Negotiated incrementalism is the result. At best.

If the incremental changes were stages in a dynamic, evolutionary process, it makes sense. But it is the result of patchwork effort under intense short-term pressure in conditions of very little given or shared understanding on the real issues, then I suggest that it is poor political process.

Need of a long-term view

I am not arguing for over-all, sweeping change, today or even tomorrow. But I am arguing for a long-term political view of the choices we have to make.

Bob McNamara had this perception at the basis of the observations he made which ultimately led to the creation of the Brandt Commission.

We must have a shared, serious view, a political view, of global needs, and particularly of the long-term needs of developing countries, both over-all and specific. We must measure these needs against the effectiveness of the institutions we have in place. We need to look at the performance and contributions of these institutions in terms of the sustained needs of the developed countries. We have to be able to look at the whole situation, in a long term, and from the political viewpoint of the equitable sharing of power. When I speak of international institutions, I am really speaking of the access to tools. The institutional contributions can be measured not only in terms of their effectiveness in promoting the interests of all countries concerned but also as instruments in assisting their access to tools — to capital, to technology, to markets.

The point is that we need a long view. One which indicates our choices at the international level, and choice at the national level. One from which we can work backward in technique. This would be an informing framework for political choice. Since choices can only be made at the political level, the framework needs to be developed and agreed at the political level.

If we agree that this is the view we need, we can probably as readily agree that it's one which our political circumstances have great difficulty in providing. In the democratic process, the long view is often obscured by the preferences of the moment. It's not a difficulty easily overcome since the democratic process is, of course, the essence of our political system. But it is often said that it is a risky proposition for elected politicians to try to deal with the future at all — indeed, some hold that a politician's own future is best assured by his personal commitment to retrieving the past.

This is possibly because we're scared by the circumstances of the present. But unless we act on its behalf, the future is likely to be a lot worse.

Hence, we had better now agree politically that there is one political commitment of overriding importance we need to take — that there will be a sane, equitable, and productive future. We need political recognition that we cannot continue as we are doing now.

For this recognition to take effect at the national level, we need not only public support in the developed countries, but also international understandings among national political leaders.

Role of the public

In Canada, we have perhaps only recently really recognized the vital role in this process of the public itself. It is not elite opinion, at round tables of experts, where we most need to work, but at the community level, in town halls, where the bulk of the population is centred. I accept this as a task of political leadership nationally. But it is one where success will be much more easily obtained if there are political understandings internationally.

Last week I attended a meeting in Vienna of foreign ministers who gathered to determine if North-South Summit meetings of political leaders of various countries can assist the political process I am speaking of — to see if such meetings could vitalize the global negotiating process. We concluded they could. Such a Summit meeting will be held early in June. As the idea for a North-South Summit in fact originated with the North-South Round Table, I congratulate you on its acceptance.

Late in the summer, the leaders of the principal industrialized countries will meet, here in Ottawa, with an agenda which will emphasize the role of their countries in the global power-sharing process.

In September, the Commonwealth heads of government will meet in Australia.

These meetings, and others, will give international political leadership the chances in 1981 to come to terms with the broad political sweep of North-South and global issues. It is our hope that they will permit political leaders to understand each other, and the nature of the challenge the future represents, in a way not available at international negotiating meetings of a more formal, conventional character. But a main purpose will be to encourage progress on the international agenda, and notably in the Global Negotiations themselves.

Issues that could be advanced

I feel that some longer-term questions in particular can be advanced.

On institutions, I think that the imperatives of power-sharing need a longer look at the political level. How can the interests of all countries be better served by the Specialized Agencies of the United Nations' system? What are the specific needs of both developed and the various kinds of developing countries? Can the specific needs of developing countries be better addressed by the older agencies without altering their essential useful functions? If not, how else can we address those needs?

On longer-term financing needs of developing countries, certainly one of the most critical basic problems, political leadership needs to acknowledge the need for structural adjustment financing for countries whose balance-of-payments deficits are becoming chronic, and of the role the surplus revenue countries can play in the easing of these difficulties through recycling. These are large issues — they are basic to world politics; their resolution is going to require political accommodation.

With regard to aid itself, the world community has really got to begin to face realities. The issue of automaticity of aid flows is going to have to begin to receive political scrutiny. There is no escaping the logic of this notion, at least multilaterally. As an idea, its time has come. It should begin to receive the sort of analysis of ways and

means its importance deserves, so that systems for its realization can be developed in time. This requires political understanding on all sides.

Energy. Is there an issue more politically central to the development prospects of the South, not to mention global geopolitics? Again, there will have to be political accommodation before any significant progress is made on the issues.

Trade — still vital to development prospects, still central to political circumstances in the industrialized countries, still in need of understandings at the international political level. This is the area where long-term benefits and short-term costs are most visibly in conflict, where the need for a clearer sense of global development prospects is perhaps most pertinent. Some sort of global undertaking on the political level about long-term structural adjustment to promote the dynamics of comparative advantage in the interests of all of our economies seems to me to be a vital political step which the Summit process next year might well engage.

Other long-term issues of a vital nature — food production in developing countries, access to technology and an understanding of its impact on societies, for example — also need to be the focus of understanding at the political level. As negotiating issues, it seems to me they're getting nowhere very fast. As political issues of global importance, it may be that a better long-term grasp of the over-all policy aspects involved will disengage the system.

**Power sharing
a political
question**

Ladies and gentlemen, in order for the North-South accommodation process to proceed, we have to recognize, as political leaders, that we are dealing with the most significant political questions of our time. The issue of power-sharing — in the interests of global economic opportunities — should be seen as a political issue and dealt with at the political level by political leaders. This is the thrust of the Brandt Report and we accept its wisdom.

It is our intention here that Canada will contribute actively to that process, as mentioned at the outset of this presentation. Prime Minister Trudeau, who had to be away at the time of your meeting, hopes himself to be able to make a personal contribution to the advancement of the dialogue. The Deputy Prime Minister, Minister of Finance, and North-South statesman Allan MacEachen, who, with Dr. Perez-Guerrero, whose presence here tonight I am honoured to acknowledge, was co-chairman of the Conference on International Economic Co-operation, will address some of the issues in meeting with you tomorrow. I am happy to have been here tonight to deal with the over-all political commitment involved. It has been an honour.

When I met Mr. Willy Brandt this week, he spoke to me with great animation of the successful efforts my colleagues and I had made in Vienna and of the growing group of people throughout the world who are whole-heartedly engaged in the North-South dialogue. How fundamentally necessary this is for humanity was expressed in the concluding words of the Brandt Report: "Whatever their differences and however profound, there is a mutuality of interest between North and South. The fate of both is intimately connected. The search for solutions is not an act of benevolence but a condition of mutual survival." Canada has often been written about as a nation characterized by the notion and the reality of survival. It is my fervent hope that, with a broadening of our traditional perspectives, our Canadian instinct for survival may serve to contribute to the survival of the whole world....



Statements and Speeches

No. 80/30

NORTH-SOUTH DIALOGUE AND INTERNATIONAL DEVELOPMENT

An Address by the Honourable Allan J. MacEachen, Deputy Prime Minister and Minister of Finance, to the Closing Session of the North-South Round Table Conference of the Society for International Development, Ottawa, November 16, 1980

...Development co-operation and the North-South dialogue, with all their complexities and apparent contradictions, have all too often been relegated to specialists and bureaucrats. That this should be so seems regrettable when we think of this dramatic reality: the most basic needs of some 800 million people — for food, for shelter, for firewood, for water, for health care — are not being met; two-thirds of the people of this planet are falling behind not only in terms of their well-being but of their ability to fulfil their potential and that this environment is bound to influence the future of the more fortunate nations.

While our publics are not blind to this situation, they have trouble seeing how the North-South dialogue and the international development effort are doing much to improve it. These are subjects upon which greater political debate, based on a clear statement of the issues involved, is essential if we are to achieve the public support needed for long-term progress.

One of the most welcome efforts in public "consciousness-raising" has been the Brandt Commission Report. Here in Canada that Report has provided an essential focus to the work of our Parliamentary Task Force on North-South Relations. This Task Force, which has provided a public forum for hearing testimony on all aspects of relations between developed and developing countries, will publish its conclusions next month. I look forward to the public debate of its findings and recommendations. I am particularly concerned that the valuable effort of this dedicated group be sustained by the Parliament of Canada in a continuing way. Our own North-South Institute has made a significant contribution to public awareness of international development issues, including the North-South dimension of sectoral and general economic policies.

My strongest impressions of the North-South dialogue were formed during the 27-country Conference on International Economic Co-operation (CIEC) which met in Paris from December 1975 to June 1977. One of the co-chairmen of this Conference was Dr. Perez-Guerreiro of Venezuela and I was the other.

The CIEC experience taught me what a broad range of issues comprise the North-South dialogue, how complex they are, and how slow can be their resolution. The experience also brought home to me very strikingly the great diversity in the state of economic development and in the preoccupations and interests of the developing countries, and, I might add, of the developed countries as well. Often I felt that the co-chairing countries, Canada for the industrialized group and Venezuela for the developing countries, had as much or more in common in political outlook and

economic interests as they had with some of the members of the groups they represented.

Such a reaction was perhaps to be expected, as it was my view at the start that one of the chief objectives of conducting the dialogue in that particular format was to reach a clearer understanding of the international economic situation, of the commonality of interests and interdependence of North and South, of the obstacles to development, and of the concrete possibilities for change.

Assessment of CIEC

Of course, the Conference's purpose was not simply to achieve better understanding but also to try to bring about progress in the range of issues then under negotiation between developed and developing countries. I will not go into the balance sheet of gains and disappointments recorded by both sides. I would, however, like to quote from the assessment I gave to the House of Commons following the completion of the Conference:

"One cannot easily evaluate a conference such as the Conference on International Economic Co-operation in terms of success or failure. I personally have never expected unqualified success, nor could the developing countries admit to unqualified success even if it were achieved, if only to preserve their positions for future negotiations. I have always hoped for that measure of success which is defined by real progress on the main substantive issues at play, sufficient progress on international economic problems to make it worthwhile to continue to pursue a constructive dialogue between developed and developing countries."

That is what I said three years ago and I still believe that the CIEC achieved much that was concrete, for instance restraint during that period in international oil prices, additional aid and debt relief for the poorest countries and in launching the negotiations for the Common Fund aimed at commodity stabilization, and it is regrettable so much has been lost since, as a result of the failure to build upon the momentum and understanding achieved. Three years after the conclusion of the CIEC, agreement has been reached on a treaty establishing this new institution. I expect that Canada will be in a position to sign this agreement very soon. That Conference kept the dialogue going and helped define the agenda for future discussions.

I have given you my impressions of the CIEC because I think they illustrate well the problem of differing perceptions and differing expectations concerning the North-South dialogue. My perceptions differ sharply from assessments which have become fashionable and almost unthinkingly automatic.

However, even more important than the characterization of the results of any particular North-South meeting, is the North-South process itself. Is it a somewhat academic discussion of esoteric issues — or, as an international cynic once put it, "coming down from the clouds on a string of words" — is it a unilateral process of request by the poor and concession by the rich? Whatever interpretation may be made of the past, the rise of the South not only in numbers but in terms of power, influence, knowledge and responsibility is shaping the process into a bold attempt to achieve a new kind of partnership between North and South in the management of

growing interdependence. Because the challenge is so great, the diversity of interests so complex and the quantum of problems that can be resolved limited at any given time, we are bound to experience some frustrations and disappointments. But let us make no mistake, the process of North-South, the means through which it will progress and its ultimate objectives, will have a profound bearing on world economic management in the years to come. It is important to understand this as we work to launch the Global Negotiations and begin to implement the international development strategy. We shall have to define the relationship between the Global Negotiations and the institutions which have served us in the management of the world economy in a way that will enhance our collective ability to further the legitimate interests of both North and South.

**Shape of
dialogue and
financial
aspects**

It is a dilemma which leads me to pose the following questions about the emerging shape of the North-South dialogue:

Will the dialogue be conducted in such a way as to provide positive encouragement for greater effort and innovation on the part of governments and of specialized agencies? Or will the process turn off governments and publics in our country as well?

Can North-South discussions give credit for what is achieved piecemeal and gradually, nationally and in multilateral institutions, while still providing pressure — and guidance — for more fundamental change?

Will the discussions make it easier or more difficult to achieve more rapid economic growth and a slowing of inflation which will be of benefit to all our countries? Or will they lead to actions which will turn negotiations on international economic issues into "zero sum games", in which the gains of one group become the losses of another.

Perhaps a number of examples which are of particular interest to me will help explain how concerned I am that the new phase of the dialogue should have a positive effect. The examples are, first, the use of targets for Official Development Assistance (ODA), secondly, the role and evolution of the International Monetary Fund and the international monetary system, and thirdly, the ways in which bilateral donors and international financial institutions can help the developing countries deal with structural problems, particularly in the energy field.

First, the use of targets for development finance. This was one of the key issues at the recent UN Special Session in New York. Many developed countries committed themselves to making more rapid progress towards the longstanding ODA target of 0.7 per cent of gross national product. Canada, for its part, announced that it was reversing the trend of recent years in which its ODA was declining as a per cent of GNP. We committed ourselves to having our ODA level reach 0.5 per cent of GNP by 1985 and to use our best efforts to reach 0.7 per cent by the end of the decade. Increasing our development assistance has been a matter high on the government's agenda since it took office in March. Certainly it has been on my agenda since I became Minister of Finance; I then felt I had a chance to do something about it. However, it is fair to say that the prospect of the Special Session in September concentrated our minds wonderfully on this question. This was an obvious example of the dialogue working

in a constructive and positive way.

The question now is how to keep sight of the IDS commitments in a way which will facilitate their full implementation by those who have accepted them and their adoption by those who have not. Naturally, to be effective, this monitoring exercise will have to be conducted with some sensitivity and delicacy. It must recognize that, from time to time, political uncertainties and economic problems will complicate the effort to press on with steady increases in the volume of aid. It must take into account not just the volume of assistance but its quality and the extent to which it is effectively and properly directed particularly to the poorest people. It must take into account efforts and developments going beyond official development assistance, for example in the area of trade and private banking and investment flows. It must not, in addition, concentrate solely on the performance of the Western industrial countries.

We face what are certain to be enormous needs for concessional development finance in the coming decade. No one would disagree that ODA volumes must be greatly increased from their depressingly low levels. But ODA volume must not become the sole barometer or the chief symbol of a country's commitment to international development. To make it so would be to impair seriously the constructiveness of the dialogue.

**Global
Negotiations
and existing
institutions**

The relationship between the Global Negotiations and existing institutions, more particularly the IMF, is my second concern. This question is currently one of the most topical and controversial ones in the North-South dialogue. The Group of 77 called for fundamental structural changes in the international economic system, including its financial and monetary dimensions. Spokesmen for the North have for their part stressed the need to maintain the integrity of the IMF, which is the guardian of the international monetary system. This situation has been characterized as a conflict between a call for structural change and a call for integrity and immunity to change, or alternatively, as an attempt to subordinate the IMF to decision-making in a superior global body. Fortunately, as I understand the developments in New York, these descriptions no longer reflect the current state of North-South discussions. These have tended to recognize the desirability of some change and the complementary nature of the contributions to be made by the global and specialized fora in full respect for the latter's competence and functions.

As Governor for Canada of the IMF and currently chairman of the Group of Ten industrialized countries, I have witnessed the institution as an operating mechanism and as a policy forum. I seek to evaluate the Fund in terms of the amount of resources the Fund provides, its borrowing policies, its exchange rate rules, the terms and conditions attached to its assistance, the role of the developing countries in its decision-making structures, and its over-all responsiveness and technical competence. The Fund is almost unrecognizable from as little as ten years ago, when the Bretton Woods exchange-rate system was still in place. Yet these results have been achieved on a step-by-step basis as the world economic situation has evolved.

My experience also suggests that it would be a mistake to think of the IMF as a monolithic institution. This institution has its own built-in North-South dialogue, as

is evidenced by Amir Jamal's important speech at the annual meeting of the Fund and the World Bank. It is, in effect, a well-informed, although specialized forum for policy discussion and action. What seems to me most important is that we bring to these discussions a sense of urgency and frame of mind that is open, objective and cognizant of our real needs.

We should also ensure that the Fund maintains its capacity to adapt to a rapidly-changing world economic situation in order to meet the needs of all of its members and serve the best interests of the world economy.

Our concerns over the reform of the structure of the international monetary system and its decision-making process must be inspired by our ultimate goal which is that this system function effectively. This is necessary for the expansion and balanced growth of the world economy and thus for the well-being of the North and South alike. The existing and prospective payments imbalances present major challenges which will require close international co-operation to overcome them.

Finally, I would like to mention briefly the roles of both bilateral donors and international financial institutions in helping developing countries deal with their financial and structural problems, particularly those related to energy.

Energy development aid

The energy question is as of vital interest and concern to Canada as to other countries. We have a great energy potential. We have also been vulnerable to the economic problems which have accompanied the world oil crisis. This gives us a strong incentive to develop further our own resources and to participate in international efforts to solve the world's oil problem. The oil-importing developing countries, as you discussed during your Round Table, have been particularly hard-hit by recent developments, and yet many of them have a large energy potential, including a potential for oil production. They need financial and technical assistance to develop these resources more rapidly.

Because of this sense of interdependence in the face of the world energy problem, the government's National Energy Program, which I tabled with my recent budget, contained an important initiative to help oil-importing developing countries. A new firm, Petro-Canada International, will be created to explore for oil solely in developing areas, where multinational oil companies are often reluctant to invest. Preliminary discussions have already taken place with the state oil companies of Mexico and Venezuela, in connection with a major joint effort to assist petroleum development in Latin America and the Caribbean. Some \$250 million has been allocated to this program. The program will reflect our development assistance objectives. It will be aimed at finding oil in countries which now must import it.

But what we and others can do bilaterally is dwarfed by the extent of the developing countries' need to adjust to the new energy situation. We believe an ambitious multi-lateral vehicle must be developed to deliver more assistance for them. We see promise in the proposal to create an "energy affiliate" of the World Bank. To operate on the scale required, it would need to employ innovative financing techniques, but it would also require very large support from both old and new donors. It offers the possibility

**Multilateral
approach
only
solution**

of helping with the surplus oil revenue "recycling" problem at the same time that it would tackle the basic energy supply question. A great number of technical questions must be addressed and an even greater measure of political will must be mobilized. The Government of Canada intends to do what it can in the coming months, in all the different manifestations of the dialogue, to promote the idea of greater multilateral efforts to deal with the energy situation of developing countries.

It is apparent to me that the energy problem and many of the other issues we have touched on this weekend are only amenable to solution by multilateral approaches, and ultimately through multilateral institutions with equitable sharing of power, responsibilities and statesmanship. I have been particularly impressed with the ability of the World Bank and the regional development banks to design and support integrated global and regional approaches to many of the concrete development problems faced by developing countries.

I expect that in the 1980s we will look to the international financial institutions to play an even greater leadership role. They are likely to grow at a much faster rate than the growth of government budgets earmarked for development assistance and the national economies of donor countries. Imaginative approaches are required to increase their borrowing on international capital markets relative to the size of the capital and other contributions subscribed by their members. This will be particularly important if there continues to be a reluctance or an inability on the part of some of their chief contributors to commit resources to them on the scale required.

Canada intends to do its utmost to maintain its support for these multilateral institutions. I am announcing today, for instance, that the government will be asking Parliament to approve a payment of \$165 million to the World Bank's soft-loan affiliate, IDA. The payment will be made by the end of 1980 as part of the "bridging" mechanism to keep IDA in operation, pending contributions from all major donors. Beyond our own efforts, we intend to do what we can in discussions with developed and developing countries to promote the development of new sources and mechanisms of multilateral assistance where these are needed to deal with truly global problems.

A final word on the North-South dialogue as it now presents itself. It seems to me that the Global Negotiations are essential for setting longer run goals and helping us work out general orientations for policy. Sensitively handled, they will have a positive influence on public opinion and political will. The Brandt Commission Report shows us that the scale of our problems demands a leadership approach. The very complexity and great urgency of the problems also demands that we go on dealing as best we can with issues as they arise, domestically and in the specialized institutions. A "bottom-up" or incremental approach is just as necessary as ever. The challenge for the North-South dialogue in the years ahead will be to find some fruitful accommodation between these two organizing principles, the structural and the gradualist.



Statements and Speeches

No. 80/31

NATIONAL INFORMATION IN THE GLOBAL ENVIRONMENT

An Address by Pierre Juneau, Deputy Minister, Department of Communications, to the Harvard University Program on Information Resources Policy, Cambridge, Massachusetts, U.S.A., November 11, 1980

...It has been nearly five years since Marc Porat informed us that over half of the American work force was engaged in handling information. Other nations quickly conducted their own counts to come to more or less the same conclusions: A fundamental change has taken place in the nature of work throughout the "industrialized" world, if we can still call it that.

This change to an information economy reaches to the very heart of the structures of our society: to the infrastructures of transportation and communications; to the way business is organized; the way government is conducted; money changes hands; products are made; leisure is enjoyed, and; as this meeting attests, how people are informed.

The full consequences of this fundamental development still elude us. Our economists have not yet quite determined what information is, how it behaves, how it can be measured, how it should be valued, and how it may be taxed. Political scientists are far from agreement about its political role, and the quality of international debate, though improving, is still sometimes dominated by shrill statements, oversimplifications, and the confusion of myth and reality. Industrialists, who have seen their empires expand trans-nationally as a direct result of increasing speed and capacity, are now facing a painful restructuring of their hierarchies along information lines.

The Canada-United States relationship cannot help but be affected by these changes, since we are each other's largest trading partners, and our largest foreign investments are placed on or in each other's soil. The enormous complexity of our communications relationship, by far the most sophisticated between any two nations, reinforces our profound social and cultural ties. They bind our economies so closely together, that major developments in one are immediately felt on the other's stock market. Ideas, concepts, approaches, techniques flow freely across the common border. Canadian and U.S. executives, celebrities, academics, intellectuals, are all but interchangeable.

Underlying this powerful symbiosis are a number of fundamental and commonly-held beliefs. Canadians, no less than Americans, believe that freedom of expression is a fundamental right. Canadians are just as intolerant as Americans of censorship or of any other form of government interference in the content of the media or the arts. If there was even the suspicion, for example, that the state-funded Canadian Broadcasting Corporation was being pressured by government to orient its programs, and most particularly the news or public affairs programming, the outcry would be deafening. Newspapers in Canada as in the United States base their reputation on their independence.

Canadians, like Americans, believe in freedom of opportunity, the right for a fair chance to shape one's prosperity by the dint of one's effort and talent and brains. To ensure freedom from economic aggression, so that small businesses may grow into large ones, the United States has enacted anti-trust legislation, and Canada, anti-combine. In both countries there is a shared belief that minorities, that the underprivileged, that women, should be given special consideration on their road to equal opportunity.

Canadians, like Americans, believe in freedom from fear and want. For without these freedoms, there would be no right to withdraw one's labour, no right to fail, and thus freedom of expression would have no meaning, freedom of opportunity would become a hollow phrase.

Canadians, like Americans, expect their government to assure that these freedoms exist. And though government actions may take varied forms in the two countries — Canadians have not yet considered busing to equalize minority opportunity; the United States has not yet felt the need to bilingualize its civil service — citizens of both countries know that without government action, these freedoms would cease to exist.

If freedom of expression, freedom of opportunity, freedom from want and fear, vigorously sustained by a vigilant government, have formed the basis of North American prosperity, then perhaps the same principles applied to the global scene will help assure the prosperity of other nations. Freedom of expression at the national level means the freedom to develop a national culture. Freedom of opportunity could be translated into each country's right to prosper, without being faced with economic aggression from any other country. Government action to maintain these national rights is no more scandalous, nor less desirable, nor more unfair, than domestic government action to protect small business, or minorities, from an intolerant marketplace at home. In fact, it is in all our interests that our trading partners prosper.

Freedom of access

Indeed, the ways in which Canada somewhat differs from the United States in its approach to information policy stem from the different circumstances it must overcome in the pursuit of common ideals. For instance, freedom of access has come to mean something very different in Canada than it does in the United States. Canadians, for instance, take for granted their right to watch American programs on television, to see American movies, to read American magazines, newspapers and books and, to a lesser but no less important extent, to consult American data banks. Anyone who has visited Canada, switched on a hotel television set, or visited a news-stand, knows the extent to which this principle of freedom of access is respected, not only in theory but in practice. The variety of foreign material is staggering. In a most recent innovation, a daily selection from the three television networks in France is now available on Quebec cable systems, and will soon be extended throughout much of Canada *via* the *Anik B* satellite. And Canadians pay for their right to freedom of access. Last year, for example, they spent between \$70 and \$80 million importing American television programs. The problem — to focus on this critical sector — is that faced with an ever-increasing choice of the world's television, Canadian program producers are finding the cost of pleasing has risen to the point where the Canadian viewer is effectively

denied access to competitive Canadian material. And government action in this case does not stop the flow of information from other countries but is intended to stimulate the production of competitive and attractive Canadian material, giving Canadians, and perhaps Americans, a choice. And so, while quotas remain to assure some Canadian content, the thrust is away from protection and towards positive measures.

**Government
role**

Because of Canada's great size and thinly dispersed ribbon of population along our southern border, and because of the vigour of the world's largest homogeneous market immediately to our south, the problem of maintaining a viable national economy has been with us from the start. Canadians have called on their government to play a leading role in economic development since pre-Confederation times. Whether it be the building of a railroad (the prerequisite of Confederation), the establishment of a national coast-to-coast radio and television network (the prerequisite of a distinctive culture), or the creation of a domestic satellite system (a prerequisite to the opening of the North), government action has been considered essential. And it was undertaken not to develop a government monopoly, but to open the country to the private sector: alongside the national railroad now run a dozen private railroads; alongside Air Canada fly the jets of a dozen private airlines; alongside the antennas of the Canadian Broadcasting Corporation are those of a number of private networks, and a host of private stations.

There is nothing in this that is peculiar to Canada. Patterns such as these exist in England, in Japan, in Italy, in France and increasingly elsewhere around the globe particularly with regard to information industries. Far from being perverse and undemocratic interference in the business of free speech and free enterprise, they are considered by these countries to be viable, effective, and democratic means to assure these principles, and at the same time to guarantee that national information flows will be maintained in the new global information environment.

It is important that those who make or influence policy return to basic principles, when confronted by changing realities. For not since the industrial revolution have we seen such dramatic changes in the structure of our economies. In the industrial era, many laboured, and information was the tool of the elite, the universities, the churches, the instrument of management or of governance. Information was a scarce commodity and information was power for relatively small groups of people. Today we have seen information percolate down through the echelons of society to an ever-increasing extent, torn from the files of government under freedom of information legislation, squeezed from industry, boardrooms under the banner of disclosure, and spread by the media. And as it reaches ever further down into society, information is being transformed from power to wealth. We have entered a new age, a new economy, whose rules are as yet undefined, whose realities are as yet undetermined.

**Unity of
information**

One of the first new realities of the information age, which helps distinguish it from the old industrial age, is the transformability of information. When wood was manufactured into a table, that was the end of it. No one confused it for a coal scuttle or a cannon or a bottle of ink. But the further we progress into the information age, the less it partakes of the old realities, and the more it seems all of a piece. Data and media

flow through the same satellites, cables and fibres, can be stored in the same tapes, videodiscs and chips, and can be accessed on the same terminals and screens. Plays become movies which become books or musicals and records, sometimes improving in the process, and generating new wealth with each transformation. In any of its transformation, it may pass through a cable, or a satellite, and even be etched onto a videodisc and stapled into a magazine, or burned into a memory chip and played through a home computer.

This growing grasp of the unity of information was reflected in the rush to conglomerate in the Sixties, when industries in the media formed new alliances. And it can be seen in government in the rationalization or restructuring of the government's role. In the United States, the office of telecommunications policy, and its successors, were created to come to grips with the new phenomenon. In Canada, the expertise which had been nurtured in the Departments of Defence and Transport found an expanding home in the Department of Communications, which was created in 1969 to develop policy for the carriage of information, to which computing was soon added. And now, most recently, the responsibility for arts and culture has been shifted to this department. To explain why our government has decided to combine culture with communications in the same department, let me read from my minister's recent statement to the arts community.

"This change should ensure that communications policy is conducted with the highest concern for the cultural content and the cultural implications of communication technology. It should also help make the cultural milieu more sensitive and more aware of the importance and the rapidity of technological progress in the field of communications."

**Information
means jobs**

A second reality of the information age is that information is jobs. If 50 per cent of the work force is now, or will soon be working with information, then the economic development, and indeed the viability, of the world's nations depends on a flourishing information sector. If the flows of information between nations are too unidirectional, and in effect stifle expression, then the damage to the world's economy could be serious. It is not without significance that the major oil companies are moving rapidly into information, and that some forecasters predict their revenues from information may surpass those from energy.

National concerns over transborder data flows focused initially on the question of privacy, are moving to issues of sovereignty, and will probably come down to a matter of jobs, if the Canadian experience proves typical. I can only presume that the emphasis in Canadian policies will be positive. I note that Canadian service bureaus are competing effectively in the United States, and that Canadian businessmen, scholars and researchers want access to the best information available, and will want to shop for it in the global marketplace. However, we would be naive not to take into account in forming our policies, the fact that the continued viability of Canadian society and our economy will depend upon maintaining a dynamic Canadian capacity in the processing and managing of data.

**Integrity must
be maintained**

This concern leads to a third reality of the new information age: information is

rapidly becoming a major component of the nation's basic infrastructure, and its integrity and viability must be maintained. The Canadian telecommunications system, like that of the United States, is run as a series of regulated monopolies, with a sufficient return on investment guaranteed to allow them to attract the necessary funds for modernization and growth. To keep them efficient, increasing levels of competition are being explored. However, the density of population in Canada being very different from that of the United States has led the Canadian Telephone Companies to charge rather more for long distance, and rather less for urban service, than is the practice in the U.S. The two countries have managed to find an equitable sharing mechanism for trans-border calls. The opening of satellite competition to the telephone companies in the United States would affect these arrangements. Should that large proportion of Canadian industry that is U.S.-owned be permitted to communicate with their head offices exclusively by U.S. satellites, this would have an important effect on the viability of the Canadian Telecommunications System, and this would have to be taken into account in the formulation of Canadian policies.

Canadian regulators have recently decided to permit the attachment of terminals to the telephone companies' lines. The telephone companies may, of course, compete for the sale or lease of these terminals, but I hope that innovation and cost-efficiency will be stimulated or improved. The manufacture of terminals has in the past created a number of Canadian jobs, although many of the terminals have been imported from the United States. If the act of deregulation merely favours U.S. manufacturers with larger runs and greater economies of scale than Canadian companies can manage, then whatever economies that have been wrung from the telephone companies will have been more than lost in the exchange.

Fortunately, Canadian electronics manufacturers are learning to sell in the U.S. market, and are able to compete with their U.S. counterparts in price, design, maintenance and efficiency, and the government is encouraging this move towards world-class competition, and away from protectionism. Department of Communications' research scientists working on electronic imagery, for example, developed a major design improvement in the teletext and videotex technology, which we have named Telidon. This may hasten the development of an information marketplace, and help maintain Canada's leading position in telecommunications infrastructure development. Government is working in partnership with industry in the initial phases of this project, but increasing participation by the private sector points the way to government withdrawal once the anticipated market support materializes.

Changing culture

A fourth reality of the new information age deals with the changing role of national culture, that class of information which is more content than carriage, more product than service, and often more feeling than reason. Historically, culture was national in its appeal and only the very best of it travelled through space and time. Information technology is creating world markets for books, records, movies, television programs, magazines, even newspapers. United States producers, with their huge domestic market, were the first to take advantage of the great economies of scale which characterize the media, and are creating a global culture which often enriches, always challenges, and sometimes threatens the economic viability of national cultures of the world. Nations fear that their own freedom of expression will be lost, their freedom

of opportunity to participate in the cultural marketplace constrained.

Part of the answer lies in competing globally, producing world class products for the global marketplace. Sweden's ABBA music recording group have succeeded in finding a global niche among the platinum records, but have had to sing in English to do so. Canada's Harlequin books dominate the world market for romance fiction, but most of its writers are British, and few if any even speak of Canada. The Dutch-German co-national, Polygram, has succeeded in winning a leading position among the major record distributors. We may yet see a second stream of world class culture, as the various nations of the world learn to please on a global scale.

But even were each country of the world to win its fair share of cultural trade, produce its quota of global blockbusters, the problem of regional and national cultural development would only become more aggravated, more pressing, and the question of diversity more real. And just as all governments of the world now subsidize the arts, they now find they have to find new ways to promote national and regional media production, in order to maintain diversity, an internal dialogue, and develop audiences, talent, and new ideas and themes. This, of course, is just as much a concern in the United States as elsewhere. To quote from the NTIA paper on *The foundations of U.S. Information Policy* — "United States policy encourages diversity in both the source and the content of information because of the belief that a sufficient diversity of source and content will lead to a diversity of ideas."

World concern

A fifth reality of the information age is the depth of concern it evokes from nations of every size and persuasion, and the necessity of maintaining a reasonable dialogue in the face of attempts to polarize opinion around extreme positions. Nations large and small are now aware that information is the new wealth, that its development and trade is governed by new and unfamiliar rules and that there is some danger they may be trampled in the gold rush.

Many developing countries are trying to consolidate their concerns and aspirations in a neat package increasingly being referred to as "a new world information and communication order". This, they see, as being intimately linked to "the new international economic order". Some western commentators have tended to dismiss this initiative as an attempt by socialist countries and authoritarian developing countries to legitimize government control over media content, and no doubt there is a basis for this view but perhaps it's also more complicated than that. There are obviously some things which governments should not do — they should not, for example, interfere with freedom of the press. But there are certain things governments think they must do if their citizens are going to prosper and feel free.

As all of us are aware, UNESCO, has been trying to carve out for itself a leading role in promoting "a new world information and communication order". The UNESCO General Conference, which ended recently in Belgrade, expressed the view that the report of the MacBride Commission was a "valuable contribution to the study of information and communication problems". The Conference also launched an ambitious new international program for the development of communication. The U.S. and Canada were elected to the 35-member State Intergovernmental Council

which will co-ordinate the work of the new international program.

Although neither the U.S. nor Canadian governments and private sectors would agree with all perceptions and recommendations in the MacBride report, it is a tribute to the U.S. and Canadian members that so many western concepts ring through loud and clear. For example, the Soviet member had to dissociate himself from the recommendation that "censorship or arbitrary control of information should be abolished". And the proposal — that identity cards should be issued to foreign journalists to protect them in the exercise of their profession — was rejected since a number of members had a sneaking suspicion that any licensing system could be used to control, rather than facilitate, the activities of journalists.

These achievements, however modest, indicate that our efforts in the defence of important principles have not been wasted, and that we should continue to participate actively in the such programs. It is in our enlightened self-interest to support action to assist developing countries to overcome any communication gaps that exist.

The orderly development of a healthy global information marketplace is essential for our continued prosperity. If we believe that freedom of expression and freedom of opportunity have assured our domestic prosperity, we should give these principles every chance to work in the global marketplace.



Statements and Speeches

No. 80/32

CANADA'S FOREIGN POLICY HAS STRONG PACIFIC DIMENSION

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at the Pacific Rim Opportunities Conference, Vancouver, November 19, 1980

...So much is being said at present about the economic dynamism of the Pacific region that to rehearse the statistics and cite the authorities on the area would be redundant in a gathering such as this. Suffice it to say that all observers are in agreement that the region has vast potential: in some forecasts, by the turn of the century, it could be the focus if not the engine of growth in the world's economy.

Yet, while there is so much confidence in the economic future of the Pacific area, there is also some uncertainty about precisely what must be done to develop and direct the forces shaping the future for the maximum benefit of all countries in the region. How should we, as members of a vast and diverse neighbourhood organize ourselves to derive mutual advantage from the challenges of the future? As you know one important idea now in play is the notion of a "Pacific Community" organization constituted essentially to come to grips with economic problems in the first instance. Yet despite the considerable interest and momentum that has been built up in recent months, the concept has encountered and indeed generated a number of reservations, mainly political, which suggest that a structured community may take some time to shape. But the sense of community is there, and we must build on it.

To date, Canadians in the private sector, in government and in the academic world, have shown an active interest in helping to build this Pacific Community, and a readiness to participate in the evolution of the concept from the outset. All of us who are interested in these questions have been approaching the political issues of membership, organization and the Community's eventual responsibilities in a deliberate and careful spirit, but with open minds and in a positive fashion.

Needless to say, your discussions on Friday on the Pacific Community will inevitably have an impact on Canadian views concerning this concept, and on the positions we take in exchanges with our Pacific friends. In fact, I look to this conference to provide new momentum and direction in public thinking generally about the Pacific, for use as a basis of policy formation.

The truth is that we still lack, in Canada, a well-developed public sense of where we are going and what we should be doing in the Pacific. Until very recently we have been overwhelmingly an Atlantic nation in outlook — turning East to our European roots and history, our traditional flows of trade, and our major security considerations; looking south to the American colossus, our closest friend and ally and the mainstay of our economic well-being. Canada, Europe and the U.S.A. have been inexorably linked together in our national psyche and in the main themes of our foreign policies.

Historic association

Yet, this situation is changing, and changing rapidly. Much has to do with the new economic wealth and political influence of western Canada, which for many years has seen the Pacific as the cornerstone of its prosperity. The westward shift in national focus has also brought central and eastern Canadians to a new appreciation of the Pacific. It has reminded us all that even before Simon Fraser and Alexander Mackenzie reached the Pacific Coast overland, the westward thrust to the Orient — the search for the Northwest Passage — was an integral part of Canada's history. The magnetism of the Pacific has continued as an irresistible force ever since: without it, Canada as we know it, would not, in all probability, exist.

In 1843, for example, Canada's first Pacific venture of the modern era was the founding of Fort Victoria on Vancouver Island, only three years after the establishment of Hong Kong. Our first transcontinental railway was called the Canadian Pacific, and in the early years of this century — and even before — Canadian Pacific *Empress* liners linked Vancouver with the Orient, Australia, and New Zealand in a vast imperial marine highway — the *White Empresses* now supplanted by the *Orange Empresses* of our flag carrier in the Pacific.

Canada has been historically associated with the Pacific in many other diverse ways. We opened our first commercial office in the region in Sydney in 1895. Melbourne, Yokohama and Shanghai followed on swiftly in the next few years. In 1929 one of Canada's first diplomatic posts abroad was our Legation in Tokyo. On the human side, an inflow of Chinese helped open the Canadian West, while a later substantial outflow of missionaries provided many Asians with their first close look at Canada and Canadians — and gave Canadians their first real sense of involvement in the problems of Asia.

And who could not, in more recent times, remember the role of Canadian troops in Hong Kong in the Second World War, and later in Korea? In working for peace and stability in the region we have participated in various forms of control commissions in Indochina, and we have contributed to the economic development of the region through the Colombo Plan, the Asian Development Bank, and bilateral aid programs.

Canadian provincial governments have also made significant contributions to Canada's presence and activities in the region. And so has Canada's private sector, both through a long record of trade, investment and other business activities, and more generally through Canadian participation in the Pacific Basin Economic Council since 1967.

New directions

While much of this is history, it provides a solid basis on which to write an even more illustrious future chapter. This will require, however, co-ordinated and well-defined policies and activities which are better fashioned to focus on, and respond to, a myriad of conditions and situations — political, economic, cultural and social. The formation of innovative new approaches to the Pacific poses an enormous but exciting challenge to contemporary Canada, and to this Conference in particular.

In developing new directions we must, first and foremost, come to terms with the sheer size and complexity of the Pacific world; this very diversity makes it impossible to delineate, let alone implement, one set of policies applicable to all countries.

At one end of the spectrum are states who are just entering the modern world; at the other end is Japan, the world's second largest free market economy. The globe's four great religions are spread across the face of the region, along with a profusion of languages, cultures and races. The distances are vast, and communication and transportation links are often as far-flung as they are expensive.

In a region that boasts over one-third of humanity, the earth's most populous nation, China, is part of the same neighbourhood as the South Pacific state of Nauru, one of the world's smallest. The contrasts seem endless: the resource rich and the resource poor; varying climates and geography; developed and developing states; new states and ancient civilizations; various political philosophies and a variety of economic systems.

In the face of this reality, is it any wonder that there can be no simple answer to what is the best role for Canada in our own interests, and the interests of others. More than any other region, the Pacific demands sophistication and flexibility in approach. The political, economic and socio-cultural forces behind events mingle closely together and are often indistinguishable one from the other. This fact, the rapid ebb and flow of developments, and the cross-currents of interests and relationships among constituent states, present formidable challenges to policy-makers both in governments and the private sector.

Totality of relationship

To my mind, success depends on one fundamental rule: no single aspect of our activity in the Pacific — be it in the political, economic, security or cultural sphere — can operate in isolation from the others and still be effective. They must interrelate. They must be mutually supportive. They must be managed within the framework of a foreign policy that is contemporary and imaginative. This is true everywhere, but it has special relevance to the complex Pacific world I have described.

As an element of foreign policy, the political relationship is always difficult to define. There are few criteria and certainly no quantitative yardsticks, such as trade figures, against which progress, success or failure can be measured. In the broadest possible sense, it encompasses the totality of a relationship. In figurative terms, it is both the bedrock on which the entire relationship rests and the atmosphere which surrounds and sustains it. If the foundation is weak or the over-all atmosphere unhealthy, economic relationships — indeed, any kind of relationship — cannot hope to thrive and grow.

Let me take a few moments to mention some of the main considerations which will ensure that the political atmosphere and underpinnings of our relations in the Pacific are fully conducive to the favourable development of the economic aspects.

Perhaps the most important political consideration that we must face over the coming period in the Pacific is the need to respond with understanding and commitment to the fundamental aspirations of the countries of the region — and to be seen doing so.

This means that Canada must provide firm, substantive and public support for the integrity, stability and economic and social well-being of the region. (And may I say that we expect the same of them; we expect an equal degree of commitment to the

integrity, stability and economic and social well-being of Canada.) Such a commitment will be especially important if we are to convince the countries of the region that Canadian foreign policy has a strong Pacific dimension.

From our point of view we must continue to ask the question: do they want us as a partner?

Specifics for each country

The broad commitment expected of us takes different forms in different countries. The Republic of Korea, for example, looks for a clear manifestation of support internationally for its sovereignty and territorial integrity *vis-à-vis* the North. This is a vital prerequisite to any strong economic relationship. And stability in Korea is fundamental to the future of the region.

The Association of South East Asian Nations (ASEAN) countries seek less explicit political commitments. Amid the general uncertainties of the region caused by events in Indochina, they look for broad political support which will enhance their interests both individually and increasingly as a group. While economic development remains an essential goal to all countries in the Pacific, there is an assumption that this will flow from political stability in the region. Canada will, of course, continue to do what it can to promote moves towards lasting peace and an end to military tension.

While the situation in Japan, China, Australia and New Zealand is not the same, these countries all welcome, in their own way, Canada's commitment to the well-being of the Pacific region. This positive view is reflected in the totality of their bilateral relationships with us — and in these relationships we will continue to look for reciprocal manifestations of interest on their part.

If responding to the aspirations of our Pacific partners imposes one important set of political imperatives on the way we shape and manage our relationships with the region, another set arises from our need to tailor specific political responses and programs to particular conditions in each country. Let me give you some examples.

In Japan, the unique consensus system and the close consultation and co-ordination between government and business sectors requires special efforts to get to know a wide range of political figures, government officials and decision-makers from the private sector and to persuade them of the importance of Canadian interests. In Korea, and in some ASEAN countries, governments take a leading role in shaping economic development priorities and in deciding many major project contracts. In China, officials have made it clear that a strong and positive political relationship remains the essential ingredient from which all else flows.

But the importance of the political foundation and atmosphere for the success of individual relationships, and the pursuit of specific political, economic and cultural goals does not end here. There is another important dimension; one which, I am sorry to say, has been neglected.

Cultural awareness

I would define this aspect of political relations under the broad heading of cultural awareness. It encompasses the two-way flow of information of all kinds and the

exchange of personal experience in academic, cultural and other fields. Such exchanges build better mutual understanding at the level of individuals, and by increasing awareness, general public support for more involved relationships between nations.

Increased information flows serve other purposes as well. In showing countries of the region that we have a distinct culture and lifestyle of our own, and in welcoming the ongoing exchange of experience with these countries, we give tangible evidence of support for their desire to preserve and share with us the richness of their traditional values and societies in the face of increasing contacts with a fast moving world of compelling change. These forms of activity also can provide an avenue for easy communication in sometimes difficult circumstances. Who can forget China's use of "ping-pong diplomacy", or ignore the bridges Canada has built with the help of the National Film Board? If commerce subsequently flows over these bridges, so much the better.

I am sure you are all aware of the adage that no one does business with a stranger. It also seems rather obvious that we will not advance the broad range of our economic objectives unless decision-makers in the region are aware of Canada as a sophisticated, multicultural, industrial country.

Let us not forget that a better knowledge and appreciation of Canada and Canadians, through the dissemination of information, exchanges of artists and exhibits, academic cross-fertilization and other programs are a fundamental part — the "mortar" some have called it — of substantial long-term relationships, including those in the trade and investment fields.

Other countries in the world have long recognized the validity of this argument. The British and French governments have supported the activities of the British Council and the Alliance française for over a century. In the Pacific region, those consummate traders, the Japanese, have had a Japan Foundation in place for a decade; more recently they have made cultural and educational exchanges a main area of activity for any Pacific Community primarily designed to deal with economic questions.

There is no question in my mind that Canada must move with more assurance and vigour into the business of increasing understanding of Canada in Asia and Pacific countries, and in developing a greater awareness of those countries among Canadians. We need to build public support for the relationship both abroad and at home; they are two sides of the same coin.

As I have mentioned on a number of occasions, increased coverage of the Pacific by Canadian media organizations would also be a significant step forward. So far, Canada has full-time correspondents in two cities only: Peking and Tokyo — and only recently in the latter, a move which I have applauded.

From this perspective this Conference may have a very special importance in demonstrating the extent of support within the ranks of businessmen and others for the basic broadening of our relations with the Pacific region....



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No. 81/1

NEW THRUST TO CANADA'S RELATIONS WITH COUNTRIES OF THE COMMONWEALTH CARIBBEAN

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Inaugural Plenary Meeting of the Canada/CARICOM Joint Trade and Economic Committee, Kingston, Jamaica, January 15, 1981

The Canadian government has been an active participant in the economic development of the Commonwealth Caribbean for a quarter of a century. In the autumn of 1956, in the heady days when a federation of the English-speaking island states of the region was in the air, the then Canadian Secretary of State for External Affairs, Lester Bowles Pearson, convened a conference of Caribbean leaders in Ottawa, during which a first significant pledge of Canadian official assistance was made to the then embryonic University of the West Indies, to begin the Caribbean Broadcasting Corporation and to lay down the keels of the *Federal Maple* and the *Federal Palm*, sturdy inter-island trading vessels which many in this room will remember.

A decade later in 1966, when we had all become wiser in the difficulties of federal government and in the techniques of development assistance transfers, my predecessor in office, the Honourable Paul Martin, chaired a Second Commonwealth Caribbean Conference in Ottawa, during the course of which Canada renewed its pledge to assist the states of the Commonwealth Caribbean on a continuing basis. Over the 15 years since the Second Ottawa Conference on the Caribbean, the Canadian Development Assistance Program to the region — bilateral, multilateral, non-government organizational, industrial co-operation, grant and loan, direct and indirect — has been put in place to quicken economic growth in the Caribbean, leading naturally and inevitably to redefinition of the Canada-Commonwealth Caribbean relationship.

Two years ago here in Kingston, Don Jamieson, as Secretary of State for External Affairs, was proud to sign for Canada the agreement with CARICOM (Caribbean Common Market) on trade and economic co-operation. That was the first formal meeting at ministerial level between CARICOM and Canada. It gives me great personal pleasure to be here at the Second Ministerial Meeting, and once again to bask in the warmth of Caribbean hospitality.

Initial progress in providing substance to the trade, technical and financial and industrial co-operation provisions of the 1979 agreement has been modest, solid and real. Our first contacts were essentially exploratory in nature. These were followed by useful work by officials, at the November 1979 Joint Trade and Economic Committee (JTEC) Meeting in Ottawa and in the subsequent meeting of the *ad hoc* committee on industrial co-operation in Barbados. Our challenge today is to build on this foundation.

For our part, at the highest political levels, there is commitment to a new and

dynamic thrust to the CARICOM relationship. In the past year, a comprehensive review of Canada's relations with the Commonwealth Caribbean has been commissioned, completed, considered and approved by the Canadian Cabinet.

Let me share some part of that review with you.

Commercial ties

We looked at commercial ties. These date back to the days when salt cod and pitch pine were exchanged for rum and molasses. Such historic trading relationships are still alive in the memories and sentiments of the part of Canada where I have my roots, the maritime provinces.

In recent years, our trade has broadened significantly and today Canada exports a wide range of goods and services such as telecommunications equipment, machinery, consulting services, consumer goods, food products and resource commodities in exchange for such imports as petroleum products, textiles and sugar from Trinidad and Tobago, clothing from the Leeward and Windward Islands, aluminum ores, alcoholic beverages and sugar from Guyana, fish and food products from Belize and sugar, sporting goods and clothing from Barbados. Further, the Caribbean has become a centre of interest for Canadian investors particularly in the banking, tourism and mineral sectors, as well as a source of over 140,000 new Canadians.

In today's perspective Canada/CARICOM trade is important to both parties, but neither is the other's major market. Canada supplies about 5 per cent of CARICOM imports and takes about 5 per cent of CARICOM exports. Canada's share of the Commonwealth Caribbean market has declined compared to the shares of the European Economic Community, the United States and Japan. In the 1950s, for example, Canada's share was about 17 per cent. By 1970, it had fallen to 9 per cent and, by 1978, had declined to 5 per cent. Canadian investment remains high, but the facts of life are that Canadian businessmen are investing relatively more elsewhere in the hemisphere and paying less attention to the Commonwealth Caribbean. A number of your ministers have stressed to me how welcome Canadian business investment would be on their islands. We too hope that this adverse trend can be reversed. More mutually beneficial trade and investment flows must be stimulated. Our sponsorship of visiting businessmen for joint Canadian Association for Latin America and Caribbean (CALA)/Caribbean Association of Industry and Commerce (CAIC) consultations in parallel with this meeting shows that we are serious about this objective. We look to the Canada/CARICOM Joint Trade and Economic Committee (JTEC) for good ideas.

We looked at the people-to-people links. Large Caribbean communities now exist in most major Canadian cities. This has served to spread interest in things Caribbean from its historic base in the maritimes to central Canada and beyond. Our new communities bring a new consciousness of both the misery a volcano can bring to a small island, and the joy of dancing to the rhythm of a steel band.

Tourism

The development of heavy tourism from Canada has significant effects. Over 400,000 Canadians visit the region each year and, in some countries like Barbados, they are usually the single largest group of tourist arrivals. A large number of Canadians own

homes, notably in Montserrat, Grenada and Antigua, and are resident in the area for at least part of the year. These movements of people are not always free of difficulty. But the balance sheet is decidedly pro-goodwill, of economic benefit to the region and a source of personal pleasure to Canadians. Regular meetings of the Commonwealth Parliamentary Association, and the frequent special exchange visits of Canadian and Caribbean parliamentarians, have developed a special relationship and affinity between legislators.

Development aid As you would expect, we also looked closely at our development co-operation relationship.

Public consensus in Canada supports this co-operation. For average Canadians, the Commonwealth Caribbean is the part of the developing world they know. It was one of the first areas of concentration for Canadian development assistance. It is an area where we have confidence that aid dollars are well spent. Waste and ostentation are minimal and a high degree of public probity prevails. I salute you ministers and your governments that this continues to be the case.

CIDA has disbursed approximately \$300 million (Cdn.) since the inception of its program in the area in 1959. Indeed the region remains the highest *per capita* recipient of Canadian assistance. In the current year Canadian development assistance provided to the Commonwealth Caribbean will total about \$41 million (Cdn.). Thirty-one million dollars bilateral assistance is provided on a government-to-government basis, about \$3.5 million through the Caribbean Development Bank (CDB), \$5 million through the non-governmental program and about \$1 million by the industrial co-operation program. You will also be aware that the Commonwealth Caribbean has benefited from Canadian funds provided to the International Bank for Reconstruction and Development (IBRD), International Monetary Fund (IMF), International Development Bank (IDB), Commonwealth Fund for Technical Co-operation (CFTC), the United Nations Development Program (UNDP) and its agencies which fund programs in the area. In short, there is an impressive tradition of important investment. We decided to protect and enhance this mutual investment for the future.

Political ties Quite naturally we reviewed our political links. We found that Canada's relations with the states of the region have traditionally been excellent, nourished by a constant two-way flow of leaders on private and official business. In the past year, Canada has had the pleasure of receiving visits from the foreign ministers of Jamaica, Barbados and Grenada, as well as the premier of Belize and the chief ministers of the British Virgin Islands and Montserrat. Canadian ministers in turn have just completed visits to Barbados, St. Vincent and Jamaica. I myself am coming from Barbados and St. Kitts-Nevis and am combining my participation at the Canada/CARICOM Joint Trade and Economic Committee (JTEC) with an official visit to Jamaica.

We recognized that the area is not trouble-free in political terms, and that our close and easy ties could therefore never be taken for granted. We looked at security considerations, and the important geopolitical place of this area in the Western Hemisphere. We came to conclusions that were both sobering and heartening. We are resolved to play a responsible and responsive role.

Common interests

Finally, we recognized that intangibles lie at the heart of our relationship: common language, a sharing of institutional structures, affection for and loyalty to the Commonwealth, similar traditions of democracy. A commitment to civil liberties, and widespread and diverse people-to-people contacts have led to the development of a "special relationship" which is unlike that which Canada has with any other part of the developing world. It is in fact, unlike our relationships with all but a few countries anywhere.

Our review took eight months of preparation involving extensive consultations in Ottawa, and the full and active participation of the Canadian High Commissioners in the field.

We built on a foundation established by wise men from your countries and mine. Several of my predecessors in their time commissioned or undertook special reviews of the relationship. Many of you will understand my own regard for the contribution of Paul Martin whose concern and affection for the Caribbean persists to this day.

Our review confirmed as official policy that the Commonwealth Caribbean is and will continue to be a region of major interest to Canada. In fact we went beyond the mere provision of an assessment; Cabinet approved an action plan for a regional policy approach which directed that the Commonwealth Caribbean should be accorded priority. There are two novel aspects to this action plan: it marks the first time Canada formulated such a comprehensive policy towards the Commonwealth Caribbean; and, as I have noted already, we accorded priority to the Commonwealth Caribbean in the over-all external policy of Canada.

As a Cabinet, we concluded that Canada should intensify and deepen our economic and political relationships with the states of the Commonwealth Caribbean. Cabinet further directed that I take this opportunity to announce our position to you collectively and to seek your individual and collective views on the exact nature, scope and form of the role Canada could most usefully play before any announcement is made in Canada. We want this partnership to assist your states to cope with rapid changes and economic difficulties which beset the region. You know how this can best be done and where and how we can be partners in the process. The regional policy approach which the Canadian government is prepared to implement focuses primarily on economic co-operation, both bilateral and multilateral, but calls also for strengthening political and social ties.

Specific programs The framework we defined for specific programs is as follows:

- The Canadian government has recently taken the decision to increase its global development assistance from the current level of 0.43 per cent to 0.5 per cent gross national product by 1985-86. Within this increased level, a special priority will be given to the Commonwealth Caribbean.

- We will achieve rapid annual increases which will lead to steady expansion in the real value of our aid to the region over the next five years. It is my personal hope that the totality of these flows will double in a very short time frame, perhaps in as little

as three to four years. This will depend primarily on absorptive capacity, and in particular, the amount of resources that regional governments can and will make available for development projects and programs. I can confirm today that that part of the Canadian Official Development Assistance Program over which we have most influence, the bilateral program, will jump from current levels of over \$30 million to at least \$55 million by the mid point of the decade.

— All countries in the Commonwealth Caribbean, regardless of level of economic development, will be eligible for Canadian development assistance.

— We are prepared to make emergency balance-of-payments assistance available to countries whose balance-of-payments needs have been internationally recognized and for which an International Monetary Fund remedial program is agreed upon. This will be additional to and not offset by reductions in regular allocations.

— As regards the program objectives of this increased assistance, we will work with the Caribbean countries towards greater emphasis on the maintenance of economic, social and political stability, and the promotion of sustained economic development and growth.

— In accordance with the Canada/CARICOM agreement, we will pay particular attention to the development needs of the less-developed country states of the Eastern Caribbean. Canada is prepared to organize, with the World Bank, a special consultative meeting this spring on the needs of the Leeward and Windward Islands.

— We will continue to accord the highest possible priority to increased regional co-operation.

— To ensure more rapid disbursement of development assistance funds and to improve the effectiveness of program development, we will give serious consideration to decentralizing CIDA operations to the field.

— We will provide increased levels of technical assistance concentrated on economic and financial management in the public sectors, and on the production areas in private sectors.

— One million dollars a year on highly concessional rates can be made available to CARICOM in industrial co-operation credits to permit the hiring of Canadian advisers to assist in industrial development planning and implementation.

— At CARICOM's request, Canada is ready to provide a Canadian official to the joint CARICOM/Canada desk on industrial co-operation for up to three years.

— Canada is similarly willing to help in funding alternative solutions to current energy problems by commissioning studies and by supporting Canadian companies who have appropriate technologies to enable them to test, demonstrate and transfer these techniques to the Caribbean.

— Canada also offers to help CARICOM in computerization, particularly in the application of mini- and micro-computers through industrial co-operation studies and technology transfers.

— We are prepared to do a good deal more to enhance the vital contribution of the private sector to the objectives of our joint trade and economic co-operation. We value the participation of both the 25 Caribbean and the 45 Canadian businessmen in the Canadian Association for Latin America and Caribbean (CALA)/Caribbean Association of Industry and Commerce (CAIC) investment promotion meetings and look forward to hearing their comments at the end of these joint meetings. Canada's industrial co-operation program stands ready to assist in establishing new mutually beneficial relationships.

Security needs

To deal with the security needs of the region, additional programs will be made available. Among those proposed:

— Canada is prepared to offer training in civil emergency planning (to deal with disasters such as hurricanes, volcanic eruptions, oil spills and epidemics) either to CARICOM as an institution or to individual states.

— Canada is prepared to accept modest increases in the number of candidates for military and police training on a space available basis at Canadian institutions.

— A modest number of candidates for coast guard training will be accepted at the Department of Transport schools on a space available basis.

Fellow ministers, the Canadian government, through its offices in the Caribbean and through increased direct exchanges, has decided to step up the level of consultations with the governments and states of the region and regional institutions on any and all aspects of our present and future relationships.

Only with your guidance, indeed your concurrence, can we bring reality to this enhancement we propose in our relationship. We in Canada will approach the task with alacrity and enthusiasm.

If to the goodwill that exists around this task, we harness political will to improve the situation in these islands, we could establish a model for relationships among states.

I hope you will understand and share my own enthusiasm for the task. I see the purposeful development of closer, more comprehensive links between our countries, and the mobilization of the resources needed to touch and improve the lives of Caribbean men, women and children as a magnificent challenge. We must take these steps to be preserved and protected. While Canada would like, and will try hard to improve our trading and financial status in the region, I can assure you that Cabinet accepted this policy in the full knowledge that the primary profit from the investment of public Canadian resources would be found in human, humanitarian and political benefits. Our policy is a direct response to the Caribbean suggestion at Lusaka that particular attention be given micro- and mini-states.

I am personally delighted to have played a role in the formulation of this policy, pleased and proud to have this opportunity of presenting its broad outline to you today. I will listen with eagerness and attention to you, and I thank you for your attention to me.

S/C



Statements and Speeches

No. 81/2

BILATERAL APPROACH TO FOREIGN POLICY

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Empire Club of Canada, Toronto, Ontario, January 22, 1981

...The capacity of nations to survive or prosper is conditioned in large part by two factors: their understanding of conditions and events in the world beyond their borders; and their flexibility to fashion their institutions and policies to make survival possible in the world at large. Today, I want to discuss with you the significance of these principles for Canada in the Eighties and to suggest a set of policies that might more effectively serve us in this period of radical change. I want, in particular, to deal with ways in which the public and private sectors of the Canadian economy might begin to think and to proceed in a thrust to revitalize economic development at home and abroad.

Understanding the dynamics of change

The first prerequisite — understanding the dynamics of change and influence in the world of the Eighties — takes us, of necessity, beyond the patterns that have prevailed since the end of the Second World War, to an analysis of things as they really are in this decade and at least through to the end of this century. As you know, for Canada those patterns of economic relationships have had a number of rather clear characteristics — our outward-directed perspective in developing trade relationships throughout the world, our diligence in developing export markets for the riches of our resource base, and our use of multilateral instruments to try to ensure the stability and growth of the world.

Our efforts have met with considerable success if our affluence and growth over the years are reliable criteria. But the degree to which we can continue down that path in a quite different and less stable world — as really the events of the last year have well illustrated — is open to question. Our efforts exerted in co-operation with other nations and the international institutions generally have borne some fruit in shoring up the stability so necessary for an international trader like Canada, even if we can't claim 100 per cent success.

But I believe that our national self-interest now calls for a new look at the conditions in which we have to do business and at the relationship between business and government in Canada in the years ahead. Put more bluntly, I believe there's a very different world out there than the one in which we've traditionally worked to advance our economic development in Canada — a world that is far less predictable, and one that calls for more stable and steady relationships if we are to survive.

It's no secret that the course of events in the Seventies radically changed the rules of the game. The power shifts resulting from the realignment of energy prices, the impact of technology on traditional cultures and the generally more volatile nature of international relations have broken the traditional roles of economic and political power.

A decade ago, at the time the Third Option was first initiated, our objective was diversification of our international economic relationship. We saw diversification as a means of strengthening our relationship with the European Community and Japan. This is still a valid goal but the decade of the Seventies taught us that the world is much wider than just obvious and traditional partners from the industrialized countries.

Likewise, a decade ago we could not have foreseen or even imagined the transfer of wealth to oil-producing countries that has taken place. This gave new and strong economic power to not only the Middle East, but also to countries like Mexico, Venezuela — whose lovely representative is at the head table today — Nigeria, Algeria and Indonesia. States like these have emerged as new centres of strength and influence. They are now where a lot of the action is in matters of commerce and economic development.

And so, for Canada — for both the private and public sectors — new perspectives, opportunities and problems have come over the horizon. In a number of fields, the Eighties are likely to provide increased competition for us. Our manufacturing sector will be under pressure from this competition — particularly our traditional manufacturing industries. Lower labour costs in Third World countries and increasing automation in the manufacturing sector of our industrialized competitors will both offer severe challenges to Canadian manufacturing. The outlook is somewhat brighter for those areas where a Canadian specialty technology has been developed, or where manufacturing activity can be tied directly to the Canadian resource base.

You may ask why a Canadian foreign minister is attempting to peer into the future of Canadian industry. My answer is that I believe that Canada's foreign policy must vigorously address itself to establishing the stable and steady relationships to which I referred earlier.

**Foreign and
domestic
policy tie**

Economic development in Canada is clearly a matter of priority attention for the federal government — as it is for the provincial governments. And there must be a viable consensus about what direction that development is to take, but I contend that this consensus must include our foreign relationships simply because the foreign trade and development dimension of the Canadian economy is becoming more fundamental than ever.

Important as they are, I believe we cannot continue to view this dimension solely in terms of the marketing of Canadian exports. Our economic development calculations must also take account of the various ways in which our foreign relationships can contribute to Canada's economic growth. We have to begin thinking of foreign countries as sources of investment, skilled labour, technology, energy and strategic natural resources. Foreign countries also provide opportunities for Canadian investors and entrepreneurs, and they thus become potential partners. Our relationships with them can take the form of project development, industrial expansion, licensing arrangements, etc. All of these things in varying degrees can be key inputs into Canada's economic development. It's logical, therefore, to begin seeking out those potential partnerships which can serve our interests best.

Where do governments fit in this picture? I think an important feature of the Eighties is the growing pre-eminence of government-to-government relationships in international economic decision-making. For an increasing number of countries in the world, significant economic exchanges and co-operation are the bond for solid political relationships between the countries concerned. And the world of the Eighties will undoubtedly see an increase in these state-to-state relationships. Canada is compelled to examine very carefully how we will respond to this phenomenon and to direct a good deal more attention to systematically developing the kind of political partnerships which our development requires.

All of these factors — the uncertain world of the Eighties, the nature of decision-making in economic development, tougher competition for Canada abroad, the need for viable and strong political relationships — all of these factors convince me that we must pursue more concentrated bilateralism.

Canada has probably been more noted over the years for its multilateralism than for its bilateralism. We're among the most internationalist nations in the world, and universally recognized as such. We accept the rule of law. We're founding members of the United Nations and of the North Atlantic Treaty Organization (NATO), of the Commonwealth and of La Francophonie, of the Organization for Economic Co-operation and Development and of the General Agreement on Tariffs and Trade. We participate even now in peacekeeping operations. We help to formulate peace plans. We're leaders in development assistance and in disarmament negotiations. This is the great internationalist tradition of Louis St-Laurent, Mike Pearson, Paul Martin and, yes, Roland Michener. It is an imperishable part of our heritage, and I'm confident that it will always be zealously maintained by Canadians.

Two great initiatives

At the present time the Prime Minister and I are engaged in two great initiatives in this tradition: crisis management within the East-West framework, and the North-South dialogue.

Our attempts at crisis management through united action by the West have been manifested with respect to the Afghanistan, Iranian and Polish crises in the past year, and, we feel, with growing success.

The least successful of these attempts at crisis management, despite our best efforts, was the first, the Afghanistan crisis — at least, the first for our government; the Iranian was there before but we had more immediately to confront the Afghanistan crisis when we assumed office. There, as you will recall, the West was not really able to agree on united action. We did, of course, do many things in common and that's because we have a lot in common. We could hardly help to do many things in common, because we look at many things the same way. But we didn't really succeed in correlating our policies as we would have wished, especially with respect to the Olympic boycott.

We in Canada, and certainly we in the Canadian government, take great satisfaction from the fact that whereas other governments — notably those in Britain and Australia — were not able to persuade their Olympic committees to follow their

advice, in Canada, because of the patriotism of our Olympic committee, we were able to succeed in having them follow our national policy objectives and in boycotting the Olympic Games. In that and in our influence on a number of the other of the 80 countries which eventually boycotted the games, we succeeded partially, but we didn't succeed as well as we should have or as well as we would have wished to.

But I noted at the NATO meetings in December that I attended in Brussels that there was, after a year of our urgings and after a year of crises, a kind of consensus emerging that we simply had to join in crisis management in the West and that this could not be left to happenstance. That meeting to me was an indication of the fact that our foreign policy is beginning to bear fruit.

Of course, with respect to our other great initiative in that area, the North-South dialogue, the Prime Minister's contribution to that has been certainly manifested in recent days in his attempt to persuade some countries of the South, some countries of the North and some which, while belonging to the South — like the oil producing countries — are in a sense in a special category, belonging neither to the North nor the South.

We're pursuing this, with a view to the Economic Summit in Ottawa in July, with a view to the expected conference of nations on North-South questions in Mexico, and with a view to the Commonwealth Conference in Melbourne in September.

I might add that the greatest delight that I've had, as Secretary of State for External Affairs, has been in being able to announce at the United Nations in September that Canada would increase its foreign aid, that we would meet a target of .5 per cent of gross national product by the middle of the decade and .7 per cent by the end of the decade. We are indeed providing leadership within the tradition with respect to internationalism.

But the world is multi-dimensional, not one-dimensional and our foreign policy must be too. It's not enough for us to be the world's leading internationalists, though we must not lose that distinction. Side by side with our internationalism, we must also emphasize a policy of bilateralism which will directly serve our national interests.

New policy

If I may be personal for a moment, I came to office — and in fact I remain — a convinced world federalist, one who believes in internationalism and world institutions. But I wasn't in office very long before it became apparent that we also had to organize ourselves to deal with a highly competitive world in the area, especially, of commercial relations. And, as a result of studies which have been commissioned and carried out and now, as the result of a Cabinet decision, I'm able to announce today a new policy of bilateralism on the part of Canada.

Few objectives in the foreign policy field can be achieved without lengthy and persistent efforts. Canada must be prepared to concentrate its resources to achieve the necessary political relationships with key countries, deploying in a selective manner all political instruments of the state including visits at the highest level. Such instruments can include trade policy, access to Canadian resources, contractual links

between governments, bilateral defence understandings, cultural and information programs, and, in some circumstances, even development assistance.

The government must be prepared at times to let longer-term general considerations affecting the relationship take precedence over shorter-term interests of a narrower character. The relationships must be subject to central policy management, bringing to bear on them the key considerations of credibility, coherence and planning. The facts that we have limited human and financial resources and that we are proceeding against a background of limitations to government spending, argue that our global approach to other countries must also be selected in line with our basic goals. We have to concentrate our energies and our resources to attain these goals. Priorities among relationships are therefore necessary, and the definition of these priorities must be systematized.

As a basic instrument of its global, differentiated foreign policy, the government has therefore decided to give concentrated attention to a select number of countries of concentration. The purpose is generally to strengthen long-term relationships with these countries because of their relevance to our long-term domestic development objectives. But the importance of the countries in question would also devolve from their relevance to our over-all objectives and interests. Such a list would include both long-established countries of concentration and relative newcomers.

**U.S. importance
clear**

The most obvious bilateral relationship of benefit to Canada is that with the United States. In many basic aspects, that relationship is central to our foreign policy considerations and vital to our development. But it is a relationship which we in Canada — both government and business — must manage coherently and productively, with a clear sense of our economic and other priorities. It's true, no doubt, that some Canadian economic imperatives differ from those of the United States. But this need not deter us in assisting each other in achieving our national objectives.

Other relationships are, of course, vital to us. Our fastest growing markets for capital goods are in Latin America, in the Middle East and with partners not presently among our traditional relationships. If you've watched the itineraries of my colleague, the Honourable Ed. Lumley, and myself, you will have noticed that we have been concentrating on certain areas of the world where we believe Canada's long-term interests will best be served. I recently returned from a series of meetings between a number of Canadian ministers — Mr. Lumley, Mr. Lalonde, Mr. Whelan and myself — and the corresponding Mexican ministers, and there is general agreement that the potential for a durable political and economic relationship between Canada and Mexico is very bright.

I believe, however, that we must be very clear about the nature of these bilateral relationships and the qualities they should have. I think that if they are to be consistent and enduring we must be prepared to pursue them on a long-term basis. Our approaches have to be planned. And the execution of our foreign bilateral policy must be coherent. In this, all the relevant instruments of governments, as I've said, should be called on to serve the relationship. To the extent possible, we shall have to avoid contradictions in our relationships. To achieve this our criteria for selecting key

economic partners for Canada cannot be solely economic. We shall have to take account of a variety of political factors, such as compatibility of values, cultural links and mutuality of interest in other spheres.

I think that in Canada both the public and private sectors of our economy should recognize our potential for influence. Occasionally, we should not be afraid of establishing linkages in our relations, so that we can bring one issue into play *vis-à-vis* another in a positive and productive way. We must also be more focused in Canada in developing common purposes and in resorting more readily to foreign policy as an instrument of real national benefit.

The federal government intends to discuss this bilateral approach to foreign policy with the provincial governments, and to develop it further in consultation with business and other leaders in Canada. But the main lines of the policy are clear: Canada is looking outward towards more significant partnerships in the world.

**Specific areas
of potential**

I believe that pursuing these relationships is consistent with our broader purposes in foreign policy. We will continue to look for multilateral conciliation and solutions of the world's problems. We must not permit the instability to the Eighties to which I referred earlier to compel us to retreat from this approach. But there is a huge potential in our developing strong bilateral relationships. We should be visible and active in places like Mexico City, Seoul, Singapore, Jakarta, Lagos and Brasilia, to name just a few. There should be ministerial visits, and we should encourage and facilitate the efforts of the private sector to find opportunities in these new centres of wealth and influence.

Such a policy would also support our over-all commitment to improving co-operation between the North and the South by intensifying concrete ties with some of the newly industrializing countries which are among our best potential partners. I would also support our efforts to increase our aid levels to the poorest countries.

In summary, new times call for new departures. Events which we could not have foreseen a decade ago are now upon us and our continued development requires a recognition that while interdependence among countries may be essential, our best course is to select the kinds of bilateral relationship that can prosper and endure and serve Canada's economic interests. This will call for a new and closer relationship in the aims and policies of both government and business. Government-to-government relationships must be developed and nurtured in the interests of a wide variety of economic ventures which, ultimately, will ensure significant national benefits to Canada.

It's a challenging prospect, and one which calls for clear-sightedness and flexibility in its implementation. But the benefits — political and economic — will pay dividends. It is, in the end, our best recipe for success in an otherwise difficult world....



Statements and Speeches

No. 81/3

HUMAN RIGHTS AND INTERNATIONAL LEGAL OBLIGATIONS

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Federal-Provincial Ministerial Conference on Human Rights, Ottawa, February 2, 1981

The proper study of mankind is man, said Alexander Pope. The proper study of international law is anything but man, said the international lawyers over the centuries. Fortunately for mankind, man himself disagreed with the lawyers — not for the first or last time. And that, in a nutshell, is the story of how human rights have come to occupy their present place in international law and international affairs.

There can be no doubt, today, that man has become a subject as well as an object of international law. The atrocities of the Second World War compelled governments to enshrine human rights in the United Nations Charter. In addition, more than 20 international agreements on human rights have now been elaborated in very considerable detail — indeed, more than twice that number if we include all the conventions developed under the auspices of the International Labour Organization.

We should not be too quick to congratulate ourselves, however. The concern for human rights in foreign affairs is by no means a phenomenon exclusive to our own time. Think, for instance, of the nineteenth century drive for the abolition of slavery and the slave trade, which surely represents the supreme effort and the supreme triumph for human rights in all history.

Force of public opinion

Not slavery but another denial of humanity unhappily continues to be practised even now in South Africa, in the form of *apartheid*. This rather suggests that even now we could learn much from the nineteenth century — about the force of organized public opinion, for instance, and about harnessing national power to serve a great cause. For the first 30 years of Victoria's reign, the Royal Navy's chief task was the interception of slaving ships, sometimes on the basis of international agreements, sometimes without the benefit of such agreements. Every interception was a diplomatic gamble which could provoke charges of interference in the affairs of other states, or even be considered as an act of war or piracy. But the British public forced the British government to act despite the cost and the risks involved, and so the traffic in human beings was ended.

The twentieth century has widened the scope of international concern for human rights. We have our accomplishments too. And yet even today — even in some democratic countries — some people are surprised to learn that governments are bound by international law to observe certain standards in their treatment of their own citizens. There remains a tendency to regard human rights as a peripheral or "trendy" issue, which can be turned on or off depending on the mood or master of the moment. Human rights are still seen by some as a "moralistic" preoccupation, and concern for human rights in foreign affairs is still often derided as well-intentioned but naive, an

irritant in international relations, and a detriment to national interests.

Solemn commitments

This attitude is misguided for at least two important reasons. First, as in nineteenth-century Britain, a government such as ours cannot ignore human rights in foreign policy because of the pressure of public opinion — and I thank God for that. Secondly, the human rights element in foreign policy is firmly based on solemn commitments undertaken by states in many international agreements. If the members of the world community had not repeatedly taken the trouble to elaborate often complicated conventions on human rights, it would be easier — not easy but easier — to argue that human rights should not be part of foreign policy. But the treaties are there, the obligations are undeniable, and in so committing themselves governments have raised expectations that they will have to live up to.

A treaty, after all, is a treaty, whether about human rights, trade or defence. By becoming a party to a treaty, a state takes on certain obligations for which it is accountable to the international community. The law of human rights is not different from any other branch of international law in this respect. Human rights treaties, of course, are applied internally, for the benefit of individual citizens. But still the commitments are *vis-à-vis* other states. This alone would make human rights a proper subject for discussion in interstate relations. This alone would justify raising issues of human rights violations in other countries. For every party to a treaty on human rights actually invites other parties to examine its conduct in this way, while assuming the right to examine their conduct too.

The covenants

The most important and comprehensive human rights agreements are the two covenants: one on civil and political rights, the other on economic, social and cultural rights. They entered into force for Canada in 1976, as did the optional protocol to the first covenant. The covenants represent a further elaboration of the Universal Declaration of Human Rights adopted by the General Assembly of the United Nations in 1948. The Declaration, which sets out the basic rights recognized by all states, is not itself a treaty but a resolution of the UN, yet many authorities now consider it a binding part of customary international law.

The Covenant on Economic, Social and Cultural Rights specifically recognizes that full implementation of such rights can only be achieved progressively. Both this covenant and the Covenant on Civil and Political Rights oblige Canada to report to international agencies, in the first case to the Economic and Social Council of the United Nations and in the second case to the Human Rights Committee. The first Canadian report to the Human Rights Committee was considered in 1980. It was the longest and, in my opinion, the best so far submitted by any country. Each province, as you know, contributed a section to the report. This made the report longer but at the same time more interesting than those from unitary states. You will recall, of course, that Article 50 of the Covenant on Civil and Political Rights requires that "the provisions of the present Covenant shall extend to all parts of federal states without any limitations or exceptions".

The members of the committee, who represent almost every region of the world, subjected the Canadian report to close scrutiny. While the report was highly praised,

some members of the committee questioned whether Canada was fully implementing certain provisions of the covenant, relating for instance to the Indian Act, the prohibition of propaganda for war, the adequacy of remedies for violations of the covenant, and so on. Although we know that Canada's record is better than most, this does not mean that we should take exception to honest queries and criticisms, or that we can relax our efforts to ensure that Canadian law and practice conform to the terms of the covenant.

Complaints to UN Committee

Under the optional protocol to the covenant, Canadian citizens may lodge complaints with the UN Committee regarding alleged violations of their human rights. The government is obliged to respond to these complaints and the Human Rights Committee states its views on the issue and sometimes makes recommendations. The committee's findings are not like a judgment of a court of law, and there is no mechanism to enforce them. Nevertheless, they have a great deal of persuasive value.

The covenants and the protocol provide a yardstick and a form for Canadians to judge the actions of the federal and provincial governments and take action against them, in a limited sense. Certainly Canadians do not hesitate to use this yardstick and this forum. And certainly these international agreements have contributed to the promotion of human rights in Canada, and have encouraged the establishment of statutory human rights agencies at both the federal and provincial levels.

Foreign governments, of course, can also judge Canada's conduct under the covenants. It says something about Canadians — something good, on the whole — that when we have criticized the performance of others in the field of human rights we have been taken to task more by Canadians than we have been criticized by others, whether in the UN Committee or elsewhere. Yet this reticence can be carried too far. When we ratified the UN Charter, we undertook to promote human rights abroad as well as at home. Moreover, the UN Charter as well as the covenants give us a solid legal basis for taking any country to task when it grossly infringes fundamental human rights in clear violation of international obligations it has freely assumed. Governments may repudiate their human rights obligations if they do not like being open to criticism. So far as I am aware, however, none has ever done so.

Human rights debates can be highly political, and even counter-productive, but I believe that they are going to become an increasingly significant phenomenon, and a positive one in the end. We must be careful, of course, in determining when to use quiet diplomacy and when to "go public", or when to adopt a judicious blend of these two approaches. We must also be prepared to take into account legitimate, honest differences of perception of human rights priorities as between Western democracies and some other members of the United Nations. A starving man, naturally, may be more interested in obtaining food than the right to vote. On the other hand, we all know that some countries put forward a variety of transparent pretexts to dodge the obligations they profess to honour. There are distinctions to be made here — some easy ones, and some hard ones — but we must not allow such distinctions to become further pretexts for general inaction.

Canada's actions

Before closing, let me review very briefly some of our recent multilateral activities in

the promotion of human rights:

- Last July Canada signed the Convention on the Elimination of All Forms of Discrimination Against Women, after having obtained the prompt accord of all the provinces. Prior to ratification, consultations will be necessary to ensure that both levels of government are prepared to undertake the obligations imposed by this new convention.
- In the UN Commission of Human Rights, Canada is engaged in an effort to work out agreements dealing with torture and religious intolerance.
- At the Commission's last session, we secured the establishment of a group of experts to investigate "disappearances" of persons. We also won a resolution calling for an assessment of mass exoduses of population and the denial of human rights, and yet another resolution affirming the right and responsibility of individuals to promote human rights within their own country.
- Finally, a Canadian is now chairing the group established to propose a human rights role for the Commonwealth.

So much for recent activities. What of the future? We hope to ensure that international law is put to the service of man — of men and women and children — everywhere in the world. We shall continue to insist on a place for human rights in international relations. We shall remain responsive to the concerns of the Canadian public. And we shall try for no less at home than what we seek abroad.

In 1772, an English court decided that a slave became a free man the moment he set foot on the British Isles. There was something grand about that sweeping, simplistic approach. Perhaps some day, the mere fact of setting foot anywhere on this planet, the mere fact of birth, will confer on every human being the plenitude of human rights.



Statements and Speeches

No. 81/4

WORLD ENERGY DEVELOPMENT PROBLEMS

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the McGill University Students' Society Students' Conference on Energy, McGill University, Montreal, February 11, 1981

It sometimes comes as a shock to realize that the major impact of what we have come to call "the oil crisis" began less than a decade ago. For even in that relatively short span of time a number of critical events have occurred which impinge directly on the energy situation the world faces in 1981. Today, I should like to begin by reviewing briefly a number of steps in that historical development.

The first dramatic event occurred late in 1973, and took the form of reduced production and a selective embargo against certain countries by the Arab oil-exporting countries. This action resulted in the rapid quadrupling of world prices. In the period 1976 to 1978 the international oil market was relatively stable and real oil prices actually declined. But, as you know, social and military events in the Middle East in the past two years have interrupted oil exports, first from Iran and more recently from Iraq. In each case, these countries were then the world's second largest oil exporters. Although other producers increased production, the production decline in the Middle East was followed by further increases in the price which, in the past 18 months, has climbed approximately 180 per cent. As a result, oil today accounts for one-eighth of the value of all international trade.

It is important to recognize that the profound effects of the events of the Seventies are symptomatic of the growing dependence of the world economy on energy resources — particularly oil. To understand the degree of dependency, we only have to recall that, in 1960, the world economy not including countries in the Soviet bloc and China, relied on crude oil for 43 per cent of their energy consumption; by 1978 crude oil accounted for 55 per cent of energy consumption. The problem is further complicated if we consider that in this same period energy use in developing countries more than tripled. Even so, the developed industrial countries, whose energy use did not quite double in that period, were the most voracious consumers, and in 1980 consumed 89 per cent of the world's energy.

Oil reserves

To understand the present dilemma we have to view it against the background of oil supply. In 1960, it was estimated that there were just in excess of 302 billion barrels of proven recoverable oil reserves. By 1978, estimates had more than doubled to 650 billion barrels. But while estimated reserves had more than doubled, oil consumption in the same period increased by more than two-and-a-half times. Accordingly, by the end of 1978, total proven recoverable reserves amounted to supplies lasting only 29 years at the current rate of consumption. This does not mean, of course, that the world is about to run out of oil in less than three decades, since new reserves will continue to be found. But it does mean that the scarcity value of oil has been increasing and will continue to do so unless consumption and oil production trends

are changed significantly.

Another reason for concern is the narrow distribution range of known reserves. Ninety per cent of them are located in only 14 countries. In addition, outside the Middle East, the Soviet Union holds the largest known oil reserves. But there are growing doubts that the U.S.S.R. can maintain production levels to meet its needs as well as those of Warsaw Pact allies. Hence, the possibility arises that certain of these countries, for the first time, could become significant purchasers on the international market during this decade. Responsible political leaders must be concerned when so few precious eggs are in so few baskets, during an age when virtually no part of the globe has been immune to drastic political, social and military change.

Radically restructured market

Coincident with the changes in supply and demand dynamics, has been a radical restructuring of the international oil market. Until a decade ago, more than 90 per cent of the oil traded internationally was controlled by a very few, very large private companies — the seven sisters as they have come to be called. By the beginning of the Seventies, however, an increasing number of smaller independent companies became more significant in the international market. Changes were further accelerated by the events of 1973-74. A number of governments in producer countries assumed legal ownership of their petroleum resources and imposed controls over production and pricing. Increasing amounts of oil were marketed through inter-governmental agreements, a number of oil-importing countries themselves have created state-owned oil companies to conduct oil-marketing transactions and, as we pointed out earlier, there was the increasing role of the small independent companies, often as third parties. As a result of these changes in market structure, which are still under way, less than half of the internationally traded oil is now controlled by the major companies.

But apart from the changes of the past decade in the supply-demand balance and in market structures, other broader considerations made price increases for oil inevitable. The trend is likely to continue through the remainder of this century. In reviewing these other factors, I would point out, first, that it is important to recognize the dimensions of the problem. Experts in the field believe that the oil remaining to be produced is equivalent to at least five times as much as has been produced thus far in the world. And so the problem is not that the world is rapidly running out of oil; the problem is that we are running out of easily accessible and easily extractable oil. From now on, an ever larger proportion of the oil we use will come from fields where development and production costs will be much higher. We will, for example, require the application of relatively costly secondary and tertiary recovery techniques. In addition, much of the oil will come from areas which are presently remote or from under the ocean where difficulty of access will push up production costs.

New resources

I think it is also true that in the coming decades increased oil production will not be sufficient to meet our energy needs. We will have to learn to use energy much more efficiently and to rely proportionally less on oil. Canada's national energy program, which my Cabinet colleagues will discuss with you during the conference, is designed to achieve this objective at home. Internationally, for the remainder of this century

the industrialized countries must rely increasingly on natural gas, thermal coal and electricity generated both by conventional hydro and nuclear reactors. In the latter part of this century, and into the next, new and renewable energy technologies such as bio-mass, geo-thermal and tidal power should make a large contribution to meeting our energy needs.

But this transition will not be easy. We know from experience that the lead times for developing and using new resources and technologies are long. We know, also, that the capital investment requirements are massive. In Canada alone, during the present decade, more than \$250 billion in energy investment will probably be needed.

There is growing international recognition that planned and far-sighted co-operation is essential. A number of steps have already been taken in this direction. The International Energy Agency (IEA), which was created in 1974, is an important forum for steadily increasing co-operation among most industrialized countries. In recent years, in the Economic Summit meetings, leaders of industrialized countries increasingly have turned their attention to energy problems and goals. At the Venice Summit last year, for example, the participants agreed to an elaborate program of measures for the long-term restructuring of our energy economies, and a high-level group has established to monitor programs over the coming decades.

But how effective have our actions been to date? I think the data are somewhat encouraging. During the 1960s, primary energy consumption in industrialized countries grew at a rate of more than 5 per cent a year. Since 1976, however, this growth rate has been reduced to less than 2 per cent a year. In addition, energy imports into developed countries in 1978 were scarcely more than in 1973, and oil imports had been reduced in fact, to levels lower than in 1973. There are other encouraging signs that real progress is being made, at least in industrialized countries. We know that during the Sixties energy consumption increased at rates equal to or greater than increases in economic growth. But since 1976, energy consumption has grown at only about half the rate of economic growth. Finally, if the goals set by the Economic Summit partners and members of the IEA are met by 1990, the contribution of oil to the energy requirements of developed countries will have been reduced from the present 52 per cent to about 40 per cent.

Third World hardest hit

But in the context of the North-South relations, countries in the Third World face energy problems even more serious than our own. As one example, in the period between 1950 and 1976, commercial energy use in the developing countries increased by more than seven times. By contrast, they increased only three times in the industrialized countries during that period. It comes as something of a shock to realize that in the past year oil imports of developing countries will have cost them more than \$60 billion in scarce foreign exchange. The hardest hit are those developing countries which in recent years had made considerable progress in developing the non-agricultural sectors of their economies. Only ten countries account for 74 per cent of the net oil imports of all of the developing countries. But the potential damage to these developing economies resulting from rising costs of commercial energy can have an impact beyond solely their foreign-exchange losses. For example, they have great implications for agricultural development — the bedrock for most developing country

economies — through their effect on the price of fuel for tractors and irrigation pumps, and by pushing up the cost of fertilizers.

In sum, energy-related problems threaten to bring widespread human suffering in many countries, to worsen the economic plight of the poorest countries, and to dampen the economic prospects of those countries where economic progress was being achieved. It is quite evident that a greater effort will be needed in resolving the problems of these countries. This will involve greatly improved co-operation among developed countries, oil-exporting developing countries, and oil-importing developing countries.

The present effort by industrialized countries to reduce their own energy consumption can result in more energy being available for developing countries, and possibly in a reduction of the rate of energy cost increases. In addition, several of the members of the Organization of Petroleum Exporting Countries (OPEC) have established development assistance programs, and some exporters are making oil available to importing developing countries on concessional terms. One example of this is a joint action taken by Mexico and Venezuela to provide oil at concessional rates to Central America and Caribbean countries.

**New formula
needed**

But these initiatives, laudable as they are, are unlikely to be adequate in resolving the problems of oil-importing Third World countries, and some more co-ordinated, collaborative formula will have to be found. The suggestion put forward by an OPEC committee last year that industrialized countries and members of OPEC should join together to establish an organization which could assist in energy development in developing countries reflects the growing awareness of the need for new types of international co-operation. Other approaches could also be considered and, in fact, some are now being explored. For example, the World Bank took an important step in January 1979, when it decided to expand its energy development program, and for the first time provided for financing by the World Bank of petroleum exploration in developing countries. It is at present planned to spend \$13 billion on energy development between now and 1985, of which \$4 billion will be invested in petroleum exploration and development.

In another initiative, the Venice Summit last year raised the possibility of creating an energy affiliate of the World Bank. Canada supports the creation of such an affiliate, since it could greatly facilitate the expansion of the Bank's energy development program, particularly if the governing mechanism were structured in a way which would take account of the extent of participation by members in the program activities of the affiliate. In fact, Prime Minister Trudeau recently discussed the possibility of a new affiliate with the leaders of several developing countries, including oil-exporting developing countries, and intends to pursue it at future opportunities, including this year's Economic Summit in Ottawa.

In addition, the United Nations Conference on New and Renewable Sources of Energy will take place in Nairobi next August. We are honoured to have with us today Mr. Enrique Iglesias, who is Secretary-General for this conference. The Deputy Secretary-General is a Canadian — Mr. Morris Miller. We have indicated our support

for this conference by contributing to the cost of the preparatory activities.

Canada's contribution

Over the years, Canada has provided considerable energy assistance to developing countries. In the decade ending in 1982, we will have provided \$700 million in energy-related disbursements through the Canadian International Development Agency (CIDA). In the 1979-80 fiscal year alone, we provided about \$100 million. These expenditures have been directed largely towards hydroelectrical power generation and distribution.

Some of you will also recall that under the provisions of the government's national energy program a new company is being created — Petro-Canada International. Its role will be to assist petroleum exploration in developing countries. Two hundred and fifty million dollars will be made available to Petro-Canada International over the next four years to be spent as development assistance.

In concluding, I want to suggest to you two additional ingredients that I believe will be essential if we are to make further headway in resolving difficulties in energy development on the international front.

The first is a better understanding of the complexities and dimensions of the over-all problem we are trying to resolve. This applies particularly to the general public, especially in the industrialized countries, which have a special responsibility, because they are by far the largest consumers of energy. As societies, we cannot afford either to panic or to be complacent; rather, we have to accept the difficult social and economic choices which are inevitable. This will mean modifying our social habits, the physical aspects of our homes, work-places and industrial processes as well as developing a new, complex array of human skills. Governments, corporations, scientists, voluntary organizations and interest groups will have to work effectively together.

I believe that the second essential ingredient is for governments themselves to dispel the confusion and misunderstanding that have so far surrounded much of the consideration of energy issues in the international sphere. National governments everywhere must accept the existence of differing perspectives, eschew confrontation, and develop a shared commitment to resolve energy problems in as non-disruptive a way as possible. Without this commitment, it is doubtful if our common economic, monetary, social and political structures can much longer withstand the kind of abrupt, unpredictable changes we have witnessed in the past few years.

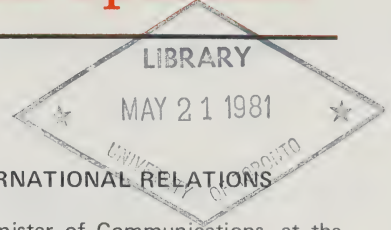
In closing, I want to leave with you a consideration which I hope can assist you in your deliberations during this conference. For many reasons, Canada mirrors the world situation. Unlike most other countries, we have both energy-rich and energy-importing regions. And, as you know, we are trying to reconcile strongly divergent consumer and producer interests in an open, democratic way. I believe that on the international scene Canada's awareness of the potential for misunderstanding between consumers and producers gives to our perspective a distinctive, perhaps unique, character. I hope that our domestic experience and learning processes will help us bring to the international scene a viewpoint that is relatively uncluttered with stereotyped and entrenched views. If we can assist in that process, then we will have contributed to solving one of the modern world's most urgent problems. I wish you well in your deliberations which begin today, and hope that you, too, can contribute to this important process.

S/C



Statements and Speeches

No. 81/5



COMMUNICATIONS: CORNERSTONE OF INTERNATIONAL RELATIONS

An Address by the Honourable Francis Fox, Minister of Communications, at the Opening Session of the Fourteenth Annual Conference of the International Relations Club, University of Montreal, March 6, 1981

...As the Minister of Communications, I am pleased that the general theme of this year's fourteenth annual conference is "Communications and International Relations". Communications is currently one of the most dynamic areas of international relations, and one in which I would venture to say, although I may not be regarded as the most objective observer, Canada is particularly influential.

To set the scene for this annual conference, I have been asked to share with you my views on the international environment affecting communications and of some of the new themes which are emerging. I must confide in you that it was the organizers of the conference, and not I, who chose the title for my presentation — "Communications: Cornerstone of International Relations" — although I admit that it has a nice solemn ring to it. Let me start by defining briefly how I interpret the terms "communications" and "cornerstone".

Definition of terms

When I use the term "communications", I am not referring to interpersonal conversations, or diplomatic communications, as important as these are in international relations. I am, rather, talking about the technical means of transmission, that is the "hardware", and also the "message" or content that is being transmitted, that is the "software". This "software" is, in fact, information which can be packaged in a great variety of formats, such as television programs, films, records, or specialized data flows. We can thank the late Marshall McLuhan for making everyone aware of the powerful impact of the "medium" on the "message". It is clear that effective communications policies must reflect the realities of this inter-relationship. This is why the federal government took the step last summer of placing under one roof federal responsibilities for both communications and arts and culture.

What is a "cornerstone"? Having consulted a number of dictionaries, including an architectural one, I would say that in popular usage "cornerstone" is usually understood to mean "keystone", that is the stone which, if removed, causes the structure to collapse. I find this a particularly apt analogy since, in the communications field, we are always referring to the communications infrastructure of Canada, and the information which is flowing through it, as the essential mortar which binds our country together. And it is similarly impossible to conceive of meaningful international relations without a communications system to fuel the process.

But the more precise meaning of "cornerstone" is as the "point of reference" in a structure in relationship to which the rest of the structure is aligned. This is also a valid analogy to communications since it is obvious that the effectiveness of international communications, at any point in time, is a gauge of the state of international

relations. If some countries do not possess the technical capacity or resources to communicate with others as equals, they will be at a severe disadvantage in projecting their concerns on the international stage.

The term "cornerstone" also suggests a sense of tradition since the inscription on the cornerstone marks a specific point in time. International communications, however, is now in the process of turning a corner. Communications relationships among countries are now in a state of transition: between developed countries; between developed and developing countries (that is, the North-South dimension), and between countries with open as compared to controlled media (that is, the East-West dimension). These relationships are seeking a new equilibrium as governments wake up to the fact that information means not just political power but economic power, and even raises the fundamental issue of cultural domination.

National and international policies

Having defined my terms, I would now like to pose the question: What is the relationship between a country's national and international communications policies in a technological era when communications are, by their very nature, more and more international. National and international communications policies are, in my view, two sides of the same coin. In Canada's case, there are certain interests which must be safeguarded or promoted internationally — for example, we must export our communications high technology for our domestic industry to prosper. And there are certain international developments and realities that must be reflected in domestic policies — for example, we must stimulate the promotion of television programs that Canadians, faced with so many U.S. programs, will watch.

There are governments who still wish to restrict communications to within their national borders, but they are doomed to failure. The web of telecommunications facilities connecting countries has become an everyday reality. Various means of transmission are in constant use across borders, ranging from: "off air" transmission of broadcasting signals; to transmission through wires, microwave, coaxial cable and, soon, fibre optics; to transmission *via* satellites from outer space which, according to the 1967 United Nations Outer Space Treaty, is "the province of all mankind". Last October, at a symposium at the McGill Centre for Research of Air and Space Law, I suggested that the province of all mankind would be an intriguing concept to introduce to our constitutional talks.

More and more specialized services are being transmitted as the technology advances. From telegraph, telephone and traditional broadcasting services, we have developed to the point where broadcasting services can be transmitted directly from satellites to small home receivers in rural and remote areas, and where sophisticated new data and informatic services are now possible due to a combination of communications and computer technologies. A world-wide communications infrastructure that transcends all national boundaries is well on its way to being set up.

Government involvement

What is the proper role for government with respect to the flow of information? With so much essential information flowing across borders, it is now true to say that governments block this flow at their own peril. Truly democratic governments have a legitimate, regulatory role to play in deciding what means of carriage or transmission

are used and at what rates. But it is a cardinal principle of Western democracies that government must not control the content of what is transmitted.

This is a hallowed distinction — between carriage and content — but I know from experience that there is often a fine line between action a government must take, for example to place the Canadian information sector in a position of economic viability, and action a government must not take, for example to prevent the access of its citizens to a great variety of information from abroad. It is this distinction which the Canadian delegates were defending last autumn at the UNESCO (United Nations Educational, Scientific and Cultural Organization) General Conference in Belgrade.

In an information era, where about half of the Canadian work force is now engaged in information-related occupations, it is an onerous responsibility to implement policies which respect this appropriate role for government, but are successful in ensuring that there are communications facilities in place, and information flowing through them, tailored to Canadian requirements and priorities. The problem is compounded by the homogenization of information, due to advances in informatics and digitization, which makes it increasingly difficult to know what type of information is flowing within and across borders. Nevertheless, it is generally accepted that, over the next 20 years or so, economic growth will be increasingly bound up with the development of information and information-related activities. Countries which wish to share in that growth will have to give priority to the financing, development and trade of selected products.

When we as a government take action, we usually declare that we are doing so to protect Canadian sovereignty. But this suggests that some country or group of countries is attempting, by design, to undermine Canadian sovereignty. This is rarely the case in the communications field. If the government, however, does not take positive action to stimulate the Canadian communications and information sector, other countries will fill the vacuum. The economic, political, and cultural viability of our country will be gradually eroded. Nothing distinctively Canadian will remain.

**Actions should
be explained**

We owe it to the informed Canadian and international public to lift the veil of sovereignty and explain our actions and the specific Canadian interests which are being protected. Why is it, for example, that Canadians take a strong "free flow of information" line on East-West information questions, but a much more nuanced position on Canada-U.S. questions? It is, in my view, because fundamental human rights are usually not at issue in the Canada-U.S. context. For example, when the government amended the Canadian Income Tax Act so that Canadian advertising on U.S. stations, intended primarily for a Canadian audience, would not be permitted as tax deductions, we did so to channel advertising funds into the Canadian media, and the measure has been effective. We did not prohibit Canadian advertising in the U.S. — Canadian advertising directed at a U.S. audience is still tax deductible — but merely removed some of the financial incentive for broadcasting such advertising back into Canada. One has to strain credulity to claim that we have infringed any principle of the "free flow of information", unless there is some principle on the "free flow of commercials" across borders.

The spread of information/communications technology entails change, some new ground rules, and co-ordination among countries as our respective economies become more interwoven than ever before. One of the basic themes, which I know will be running through your discussions tomorrow, is whether there are adequate mechanisms in place at the international level for co-ordinating communications and communications activities in a period of compressed technological change. There is certainly an increasing level of international activity — both at the multilateral and bilateral levels — but is it keeping pace with the technology?

Multilateral activity

Looking first at multilateral activity, I would have to conclude that the international telecommunications operating organizations, to which Canada is linked *via* Teleglobe Canada, our international telecommunications carrier, are providing a satisfactory level of service. I refer to the International Telecommunications Satellite Organization (INTELSAT), the recently-formed International Maritime Satellite Organization (INMARSAT) which will begin its operational phase in 1982, and the Commonwealth Telecommunications Organization (CTO). Moreover, the integrated North American telecommunications network, which includes not just Canada and the U.S.A. but also Mexico and the Caribbean, is continuing to function effectively.

But is it really necessary to have separate operating organizations for individual space services? One recognizes that INMARSAT was set up as a separate organization because the U.S.S.R. is not a member of INTELSAT, and because some countries considered that the U.S. was too influential in INTELSAT. But, surely, it wouldn't take too much ingenuity to rationalize current and future operating systems, to a greater extent, to avoid costs and increase efficiency.

When one looks at the multilateral organizations dealing with various policy and regulatory issues, it becomes more difficult to measure effectiveness. The International Telecommunication Union (ITU), the UN Specialized Agency in Geneva which co-ordinates the use of the radio frequency spectrum, has so far been able to adapt its international regulations to meet new technological requirements. But its plenipotentiary conference in 1982, and the series of important specialized world and regional administrative radio conference scheduled for the 1980s, will challenge the members of the ITU in their efforts to accommodate the reasonable requirements of developing countries with the technological appetites of developed countries. All countries are concerned about the impact of sophisticated new technologies on their economies. But some are more concerned about how they are going to introduce even the most basic services.

Conference decisions

Decisions will be taken at these ITU conferences which will decide the operations of future telecommunications systems. At a regional conference in 1983 to plan the use of Direct Broadcast Satellites in the Americas, and at a world conference in 1984 to decide how to guarantee equitable access to the geostationary-satellite orbit, it will be necessary to obtain international recognition and accommodation of Canada's future space requirements. Many developing countries claim that the "first-come, first-served" principle governing orbital spots and space frequencies, is not in their national interest. The U.S., following its "open skies" space policy, is introducing, or has plans for, an impressive number of communications satellites. The interests

of Canada, with our reasonable but substantial requirements, lie somewhere in the middle. It will be essential for the conferences to come up with co-ordinating procedures that provide enough stability for countries to plan properly, enough flexibility so the technology will not be frozen at an artificial point in time, and enough equity for developing countries to share the benefits of the new technologies.

In 1983 another ITU world conference will try to bring some order out of the current anarchy of High Frequency (HF) shortwave broadcasting. It is obvious that some technical parameters should be introduced so that it will no longer be necessary for countries to have to outshout one another using higher and higher powered transmitters, many exceeding one million watts. But it will be crucial to ensure that any needed technical constraints do not allow receiving countries to impose a veto over what is being transmitted to their citizens. As long as there are governments which control the content of their national media, the activity of international shortwave broadcasters will remain essential.

UNESCO is attempting to fashion for itself a role as the focal point in the UN system for the demands by developing countries for closing the North-South communications gap by establishing a "new world information and communication order". These countries are concerned not only about how information is flowing but what is flowing.

Communications gap

Is there a serious communications gap that requires the international community to work towards the establishment of a "new world order"? I would have to answer yes since those countries with the technology can, and in some cases do, control the information, and those without it will be left behind in some vital sectors of human activity. But care will have to be taken to keep the political rhetoric to a minimum — something UNESCO has not been particularly successful in doing up to now — so that those effective mechanisms in the present system are not destroyed in the rush to establish a new equilibrium. The emphasis should be on practical steps involving the transfer of technology and resources to developing countries — not as an act of charity but to give substance to a fundamental human right. If UNESCO's new Intergovernmental Program for the Development of Communication is going to be a success — and Canada, as a member of the Council, will be working to make it one — there will have to be a close working partnership between UNESCO and the ITU and the governmental and non-governmental organizations with complementary roles to play.

The UN General Assembly itself is also involved in current communications issues given the UN's own information distribution program and its residual responsibility for co-ordinating issues throughout the UN family. Its Committee on the Peaceful Uses of Outer Space has tried unsuccessfully for many years to produce a consensus on principles to govern television broadcasting *via* Direct Broadcast Satellites. Given the fact that the ITU has been able to approve international regulations on Direct Broadcast Satellites, one is tempted to question the continuing effectiveness of the UN Outer Space Committee as a credible negotiating forum on the issue.

The OECD (Organization for Economic Co-operation and Development) in Paris is

another multilateral forum where the Western industrialized countries have been attempting to come to grips with the challenges posed by the new information technologies, especially the economic impacts. But let's face it. Since vital economic interests are at stake, one cannot delay national policies until that elusive day when there is a consensus subscribed to by all OECD members.

One could also mention regional organizations such as the Inter-American Telecommunications Conference (CITEL), the regional UN economic commissions, and regional broadcasting unions. There are also the international lending agencies and many other organizations and professional associations that bring together technical experts or academics. Everyone seems to be getting into the act!

To complicate the picture further, one must take into account the bilateral communications relationships which are every bit as important to any country. Canada, for example, has key relationships in the communications field with a growing number of developed and developing countries. Increasingly, co-operation between Canadian industry and companies in other countries, to supply telecommunications and space communications "hardware", is providing a solid basis for these relationships. As I said earlier, our high technology industries must export to thrive.

Impact of Canada-U.S. tie

It will not, however, surprise any of you when I say that, no matter to what extent we diversify our communications relations, the Canada-U.S. relationship will remain the key one. The impact of this relationship is with us each day in our offices and in our homes. It is the most complex and sophisticated communications relationship between any two countries in the world.

The type of communications issues which arise in the context of the Canada-U.S. relationship extends from routine, technical matters to sensitive problems with political dimensions. We are all familiar with that commonplace of Canada-U.S. relations: the longest undefended border in the world. Its corollary is another cliché: good fences make good neighbours. What these expressions, in all their banality, point to is the constant need for co-ordination when Canada and the U.S. deal with each other about communications.

There are everyday needs for technical co-ordination of the use of the radio frequency spectrum on both sides of the border. Can you imagine, for example, the chaos that would result if we did not have in place reciprocal arrangements for the use of CB radio on both sides of the border?

But there are other technical issues with wider implications for Canada-U.S. relations. For example, an international conference, to be convened by the ITU in Rio de Janeiro in November, will approve a detailed frequency assignment plan to provide for the interference-free operation of all the AM broadcasting stations in North, Central and South America — there are currently about 9,000. There is already agreement on all of the technical parameters of this plan except one, the seemingly routine technical issue of the spacing between AM broadcasting stations on the radio dial. Because of different national priorities, this is becoming the most contentious issue for the conference to deal with. The basic question is: Do the benefits of

reducing the spacing from the current 10 kHz to 9 kHz, which would allow us to squeeze more stations into the same frequency band, outweigh the operational and financial penalties to existing AM broadcasters, of switching to a new frequency? Based on concern over the impact on existing stations, Canada has favoured retention of 10 kHz spacing. The U.S.A., however, has responded to a demand for new broadcasting stations and has been pressing vigorously for reducing the channel spacing to 9 kHz. It will take sensitive diplomacy by both Canadian and U.S. officials to keep this issue from disrupting the fine tradition of smooth co-ordination of Canada-U.S. spectrum issues.

Problems of program content

Every time it seems compelling to introduce new communications links across the Canada-U.S. border, it is necessary to consider the likely effects these links will have on our existing institutional infrastructure, objectives for service to the public and opportunities for economic growth. The use of Canadian and U.S. satellites for transborder services would supplement, but could theoretically even supplant, our integrated terrestrial telecommunications links. From the Canadian point of view, this challenges us to devise a framework whereby satellite and terrestrial networks can be integrated. However, the exploitation of satellite technology for carriage functions also implicitly raises questions related to content. Specifically, how can we ensure the continuing viability of the Canadian broadcasting system when challenged by the allure and abundance of seductive U.S. programs? This is a problem that has been with us since the earliest days of radio broadcasting. The problem has remained with us in its essential form through every advance in technology. And it poses itself again when we now consider the use of domestic satellites for communications between Canada and the U.S. As always, it demands imaginative solutions which will satisfy both public demand for access to a variety of available programming, as well as the legitimate cultural policy objectives which sustain our sense of nationhood.

Telidon and U.S. market

Last but not least, there is the "bread and butter" issue in Canada-U.S. communications relations of ensuring that Canadian manufacturers and entrepreneurs get their "fair share" of the North American market. Canadian industry, for example, is working with a number of U.S. counterparts to ensure that the Canadian interactive television system, Telidon, gets the major share of the U.S. market.

Even in the various multilateral communications forums, one usually finds that the most crucial issue for Canada has an important Canada-U.S. element. This is true, for example, at ITU conferences where future national requirements for geostationary orbit positions and space frequencies are at stake, or in the OECD where issues such as transborder data flows are being discussed.

With the interaction of all these national and international elements, some of which are still only suspected rather than clearly understood, it is not surprising that each country's communications requirements and policies are unique. You may even say that, in the case of Canada, our policies are "more unique than others". Canadians want every innovation that appears in the U.S.A. and as quickly as it appears there. But, although the Canadian and U.S. political systems are based on the same democratic principles, the U.S. model is not always the best for Canada in the communica-

tions field. Our economy, for example, based on a considerably smaller market, can often not withstand the same degree of competition as is feasible in the huge U.S. marketplace. It looks, for example, like direct broadcast satellites will be allowed to fight it out in the U.S. marketplace for as big a share as possible. In Canada, however, direct broadcast satellites will, I suspect, have an appropriate role as part of an integrated Canadian broadcasting system.

I would be just as quick to admit that the Canadian model is not necessarily the best to meet the unique requirements of other countries. It is true, however, that our expertise is proving useful to many other countries since our Canadian experience is a microcosm of many of the issues facing others. After all, we know from our experience that an integrated communications system is still essential for our development. We are beginning to understand that the development of the content of that system is as important to our economic growth as the development of the system itself. We are, moreover, sensitive to many of the concerns of developing countries since, although we are technologically advanced, we are still in the process of bringing to our rural and remote areas the same level of service that we enjoy in our urban areas.

Given this proliferation of relationships and forums, and I have not even mentioned our complicated domestic environment, how can the policy-maker maintain enough of an overview to ensure that new communications technologies are not introduced in an *ad hoc* fashion but in ways which meet the real needs of Canadian citizens? One would like to have more control over the national impact of multilateral and bilateral issues, but with so many factors at play it is impossible to impose any rigid structure. One must keep trying to adapt the international system in a flexible way, and certainly not resign oneself to the currently unwieldy way in which several important international issues are addressed.

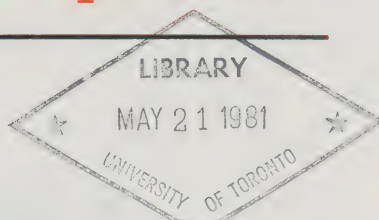
Government, industry co- operation

If Canada and the international system are going to be able to adapt to the new realities of the communications/information age, it will be necessary to dig beneath some of the slogans which have obscured some of the issues, to demystify some of the trends and to clearly understand the implications of the activities. When one examines the policies pursued under the banner of such concepts as the "free flow of information", an "open skies" space policy, or "first-come, first-served" in obtaining the use of frequencies, one usually finds policies which work to the economic advantage of a country or group of countries. But it is also necessary to beware of those governments who would like to manipulate the discussion of a "new world order" to justify government control of the mass media. It is obvious that many of the new information issues defy simple solutions. One thing is clear. Canada must come into the information age, must identify and seize the opportunities it offers, must build on her many advantages in doing so, and must become a major player in the international market place. In this effort government and industry must be mutually supportive and mutually reinforcing. If they are not, our economy, and therefore all Canadians, will suffer....



Statements and Speeches

No. 81/6



CANADA'S RELATIONS WITH HUNGARY

Toast Delivered by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at a Dinner Given in his Honour by Hungarian Minister for Foreign Affairs Frigyes Puja in Budapest, March 16, 1981

...In this visit, I welcome the opportunity of expanding the dialogue our two countries have conducted over the years. While we represent two different social systems and two different alliances, our relations have progressed and expanded without ambiguity, primarily because we have acknowledged those differences and thus reinforced our mutual respect.

This is not to say that we do not share common goals. Our two countries are strong proponents of peace and stability. This clearly implies that the sovereignty of all states be respected, that their security be assured and that mutual confidence be maintained.

These are in fact the premises on which the Conference on Security and Co-operation in Europe was established and which were to form the framework for *détente*. But, as recent events have demonstrated, this concept has proven to be very fragile.

Canada firmly believes that *détente* cannot survive when force or intimidation is used, no matter where it occurs. If we wish *détente* to be maintained, it is imperative that concrete steps be made to restore and enhance confidence. The time for mere declarations of good intentions has passed. It is now the moment to go beyond one's self interests.

I am particularly pleased to note that the relations between our two countries are expanding, even though their history is relatively short. The very fact that Hungary is the first Eastern European country I visit in my capacity of Secretary of State for External Affairs is a reflection of Canada's satisfaction over their excellent state.

Cultural and academic exchanges are becoming an important component of our exchanges. In this context, I am particularly pleased that Canada is participating in the celebration of Bela Bartok's centennial. I am confident that this association will bring about more frequent exchanges in the future. I might add on the cultural side that I was very pleased with Hungarian support in mounting the Forrestall painting exhibit. Mr. Forrestall's brother is a member of the House of Commons. It was a good show.

Our economic relations have not yet reached their potential. I address this particularly to you Mr. Trade Minister. It is true that we are relatively new trading partners but it is also true that there is now a strong desire on both sides for more fruitful forms of economic co-operation. Your very innovative economic policies, as well as your new five-year plan, have raised considerable interest in Canada. It is my conviction

tion that there is now a better awareness of each other's production capabilities and needs and that both Hungarian and Canadian firms can benefit from expanding bilateral foreign trade.

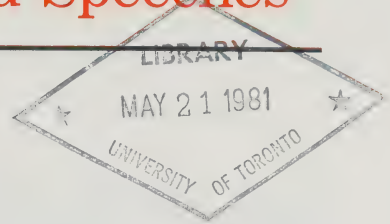
There are other areas of co-operation our two countries are exploring and I am confident that we will see major achievements in the future. Such achievements are essential in both the bilateral and multilateral spheres, and for the benefit of the people of our two countries.

It is with this conviction and hope that I invite you to raise your glass.



Statements and Speeches

No. 81/7



CANADA'S HUMAN RIGHTS OBLIGATIONS

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Canadian Human Rights Foundation, Ottawa, March 27, 1981

...There is no question that it is important to develop between the government and the public in Canada common views and approaches to international human rights issues. For that reason I want today to share with you some perceptions of the role of these issues in international affairs and, in particular, in Canadian foreign policy.

At the outset, I want to dispel a notion that is gaining popularity that human rights became a focus of international attention only when the former administration in the United States enunciated an international human rights policy, and that consequently the issue will disappear from view with the change in the administration in that country. Both the hypothesis and its corollary are erroneous. As I will elaborate later, human rights achieved a high profile in international debate in 1975 with the conclusion of the Helsinki Final Act and the process which it initiated.

South Africa

In Canada, however, concern for human rights has been an element of our foreign policy for decades. Although it may have been perceived over the years as a political or humanitarian issue, in fact, an intense concern for situations of inhumanity and the suffering caused by them is at the very foundation of Canada's response to human rights issues. Although there are many examples of this concern, I will refer to only one — that of South Africa. You will recall that two decades ago our concern about the policy of *apartheid* in that country led the Canadian government to support the expulsion of South Africa from the Commonwealth. Two years later we instituted a voluntary arms embargo against South Africa, and in 1977 we participated in imposing a mandatory embargo by the United Nations Security Council. In December of that same year, we took a step, unprecedented in Canada, by removing our trade commissioners from South Africa. We closed our Consulate General in Johannesburg. We restricted the use of credits of our Export Development Corporation. In 1978, we issued a code of conduct for Canadian companies operating in South Africa and severed official sporting connections.

Over the years Canada has responded emphatically to the persecutions of individuals and groups which have occurred in many countries, and we did so in a manner which demonstrated a long-term commitment to the victims of those persecutions. Since the Second World War, we have resettled in Canada more than 350,000 refugees and displaced persons of many origins: Eastern Europeans, Soviet Jews, Hungarians, Czechs, Tibetans, Ugandan Asians, Argentinians, Lebanese, Chileans, Vietnamese, Kampuchean, Laotians, Cubans, Haitians and, most recently, Salvadorians. The philosophical foundation of our human rights policy is identical to that of our refugee resettlement and development assistance programs. Our overriding objective is to bring relief to the victims and to ensure for them safety, security and basic human needs.

Changed attitude

Although action and concern for human rights has been a factor in international affairs for decades, there has been, nevertheless, a significant change in the tone of the international debate that has ensued. Years ago, Canada responded to specific human rights issues as they arose. And because of the complexity of the issues and the impossibility of ever achieving consistency in approaching them, we hesitated to enunciate a global approach. Hence, although we dealt with human rights concerns as important issues, they still remained distinct from our broader foreign policy concerns. This is no longer the case. There has been a change of attitude in Canada as, I believe, in most Western-style democracies, and human rights are now recognized as a *bona fide* issue in foreign policy.

What brought about this change in attitude? As I said earlier, I believe it may have been the dialogue and debate which surrounded the Helsinki Conference of 1975 and the adoption of its Final Act. As you know, in preparing for the Helsinki Conference, Western parliamentarians and groups became involved in intensive discussions with governments and among themselves about the objectives and realities of dealing with human rights in Eastern Europe. Then, in the Final Act, all participants including the Soviet Union and other Eastern European countries reiterated their international human rights undertakings. The Final Act, and the review of its implementation at the first follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE) in Belgrade, effectively countered earlier Eastern European insistence that, notwithstanding international legal obligations, human rights violations were an internal affair and not a fit subject for international debate. Following the Helsinki Conference, the United States' parliamentarians themselves initiated legislation which tied the administration's actions, in respect of international aid and finance, to assessments of human rights situations. This action, as well as the subsequent enunciation of a high-profile human rights policy in the United States, made human rights a controversial and popular consideration in foreign policy debate.

Turning to the broader question, there is no doubt that member states of the United Nations have an international legal obligation to promote respect for human rights both at home and abroad. By ratifying the Charter of the United Nations, they freely assumed this obligation. These provisions have been spelled out in a series of impressive and radical documents — the Universal Declaration of Human Rights and the International Covenants on Economic Social and Cultural Rights, and Civil and Political Rights.

The charter and covenants are treaties, and are no less binding than treaties on trade or maritime boundaries. But although they have been ratified by dozens of countries, nevertheless international human rights obligations are well observed by very few of the 154 member states of the United Nations. Indeed, international human rights organizations tell us that in more than 100 countries in the world, with *régimes* of both the left and the right, the fundamental rights of citizens are denied.

I don't question this estimate; respect for human rights internationally is weak and is not making significant progress. At the same time, I am not persuaded that the situation is necessarily deteriorating. Rather, I believe we are experiencing increased expectations of human rights and broader social justice. In many cases, partly due to

the attention directed by the media to situations of human suffering and deprivation, we are beginning to understand the scope and nature of our international shortcomings.

Interpretation differences

There are, of course, honest differences of emphasis and interpretation among countries of differing social systems and levels of development about what comprises the ultimate in respect for human rights. Some emphasize the rights of individuals; others stress the equal or greater importance of the responsibility of the individual to his or her society. Western democracies focus most on full respect for civil and political rights; developing countries generally stress economic social and cultural rights. But they all agree that human rights — be they economic, social, cultural, civil or political — are indivisible and inalienable. And no country is in doubt about when gross violations of these rights are occurring. As Edmund Burke wrote 200 years ago: "There is but one law for all, namely that law which governs all law, the law of our Creator, the law of humanity, justice, equity, the law of nature and of nations."

It is the most severe abuses of human rights that attract our attention — attacks on the integrity of the human person — murders, disappearances, torture, the expulsion whole populations, or their deprivation of basic human needs.

The central issue is whether an individual country, or even the international community as a whole, can make an impact on such situations. Unfortunately, it is a question to which no definitive answer can be given. Our experience is that one country, acting alone, can make no significant impact; the international community, however, acting with a single will may make some impact.

But we must be clear on what we mean by "impact". If we attempt to change the fundamental nature of a state and its society, we will probably fail. Only the people of that nation themselves have the potential ability to do so and, indeed, the sovereign right to do so. If, however, we strive to persuade governments to live up to their own standards — frequently enshrined in admirable but disregarded constitutions — and within their own systems, there may be some effect, in some instances.

I believe that our over-all objective must be to make respect for human rights an enduring international issue — to ensure that governments are aware that their behaviour towards their own citizens will affect their international standing and their ability to develop normal and fruitful relations with other countries. By directing international opprobrium on particularly despicable practices, the international community may persuade a government to modify those practices or deter other governments from engaging in them.

UN action

At the United Nations Commission on Human Rights, we have been trying to address some of the generic types of serious violations which prevail in many countries. We have worked for the adoption of a convention against torture. We have obtained the establishment of an international working group to monitor the widespread phenomenon of disappearances, and have secured the appointment of a distinguished special rapporteur to investigate the relationship of human rights violations to massive exoduses of people. We have also ensured the adoption of resolutions which reaffirm

the rights of individuals to promote respect for human rights in their own countries. In this, we are concerned with the suppression of dissidents in Eastern Europe and in many other countries.

We do know that international opprobrium sometimes has an impact. Following the coup in 1973, large numbers of persons disappeared in Chile. Since 1977, however, no single disappearance has been documented by human rights organizations in that country. Although we cannot assume that massive international attention brought about this result, I believe it was a factor. Another case, however, is much clearer. Following the international pressures exerted on Vietnam at the 1979 Geneva Conference on Southeast Asian Refugees, that country did terminate its brutal, and frequently fatal expulsion of its Chinese minority.

But the failures are legion, and the international situation speaks for itself. If Canada wishes to have its views heard, we must ensure our credibility. We must continue to improve respect for human rights here in Canada, and ensure that we live up to the letter and the spirit of our own international undertakings. Some of you will know that federal, provincial and territorial ministers responsible for human rights met in Ottawa in February to reaffirm their common commitment to do just that. When we address the subject of human rights in other countries, we must be prepared to have them, in turn, address the state of human rights in Canada.

Canada's responsibilities

We have taken an important step in this direction by ratifying the Optional Protocol to the Covenant on Civil and Political Rights, which permits Canadians themselves to challenge Canada's performance internationally. And several Canadians have done so. We believe that any government which pretends to respect faithfully the provisions of the Covenant should be prepared to make a similar undertaking. Yet only a small number have done so today, primarily Western democracies.

We also have other substantial international responsibilities in the human rights field. We know that severe under-development impedes the development of full respect for civil and political rights, and prevents the enjoyment of economic, social and cultural rights. And so we must be prepared to play our fair part in contributing to international development, and in encouraging a positive outcome to the North-South dialogue. These, too, are important to international human rights objectives.

But having once established our credibility, how can we make an impact on the worst human rights offenders?

Groups in Canada frequently urge the government to sever economic relations with regimes which are serious human rights offenders, or to suspend Canadian or international aid to them. We, of course, do not sell arms to countries engaged in conflict, or to countries, whose human rights practices are wholly repugnant to Canadian values, and in particular where they are likely to be used against the civilian population. This is a matter of principle and, frankly, one that can be costly in terms of exports and foregone employment opportunities.

The United Nations Charter does not envisage economic boycotts except when the

Security Council determines that a particular situation constitutes a threat to international peace and security. Unilateral boycotts — though costly to the country imposing them — have no significant impact. Even universal boycotts may not improve a human rights situation. And I do not believe that the operations of the international financial institutions should be disrupted by political considerations. To do so would undermine their very foundations and the important role they are destined to play in the North-South dialogue. Furthermore, in simple, practical terms, no two or three countries — let alone 154 countries — would be able to devise a common list of human rights offenders sufficiently guilty to merit denying them international support.

Aid programs

Development assistance programs, too, cannot be started and stopped in response to specific negative or positive developments. These programs have a gestation of a number of years. And our aid objectives are to direct assistance to the poorest people in the poorest countries. Thus, to terminate aid to these people because of their government's abusive practices would result in their being doubly penalized. Canada does, however, take account of broad human rights considerations when we determine to which countries Canadian aid will be directed. Both the need of the country and the readiness of its government to deliver assistance to its neediest populations are important factors in determining eligibility for aid. In addition, we exclude from consideration that tiny number of countries whose government's excesses have resulted in social breakdown as occurred in Uganda under Idi Amin.

Obviously, to respond to a human rights problem, we must first ensure that we know the facts. The government receives with interest the comments of important Canadian and international non-governmental organizations. In fact, we have instituted annual consultations with them. We also have other sources of information, including reports from our embassies and exchanges of views with governments of dozens of countries of various political perspectives. We take note particular of the views of countries in the regions in which problems occur.

Within the Department of External Affairs there is a division which co-ordinates and harmonizes our responses in international human rights. But in our bilateral relationships, human rights considerations are factored in at the desk level in the geographic divisions of the department.

Expressing concern

Regularly, we make known our concerns and those of Canadians about human rights problems to the governments responsible — through our representatives in their capitals and through their representatives in Ottawa. When our bilateral relationship is strong, our views may gain a hearing; when it is weak, they have little impact. When many other governments express similar views, the impact will be greater.

Sometimes we make our concerns public, but more frequently we do not. Why? Not because our conviction is weak. Rather, we have found that our views are likely to have a more positive impact when expressed in terms of humanitarian concern and of our wish to resolve a serious impediment to the normal evolution and potential development of bilateral relations.

Our approach at the United Nations — and that of all Western countries — lies along the same lines. Within the confidential procedures of the Commission on Human Rights, we attempt to initiate contacts with governments in order to obtain restraint or resolution of a human rights issue. If the government refuses to co-operate, the issue can be moved into public session. Confrontational tactics and condemnation are avoided, as they will be unproductive. Indeed, they may have a counterproductive impact on the very victims we are trying to protect. This can happen because nations — large or small, rich or poor — are like human beings: proud and sometimes arrogant. They resent criticism from other nations who cannot view the situation from their own perspective. Only when all positive international approaches and attempts at persuasion have had no impact, do responsible governments publicly deplore or condemn the practices of an offender in human rights.

**Politicization
problem**

There is, however, a major problem at the United Nations. When it comes to serious violations of human rights by a government of the right, the subject will be debated sometimes even in public session. This has been the case for Chile, El Salvador, Guatemala and Bolivia. Western democracies and some others engage in the debate out of humanitarian concern; but socialist countries do so for political reasons. On the other hand, when equally serious or considerably more serious violations occur in Marxist and socialist countries, debate is impeded by the countries of a similar political orientation. It is a politicization which I deplore.

We are, however, able to address the human rights issues of Eastern Europe in the CSCE forum. At the Review Conference now in progress in Madrid, Canada has put forward one human rights initiative and is supporting a number of others. We are insisting that the conference reaffirm and follow up on the human rights and humanitarian provisions of the Final Act no less intensely than on the security, economic and scientific provisions.

But I am concerned by indications of a degree of politicization in the human rights field in Canada, where public attention is being directed primarily to abuses in countries experiencing oppression from governments of the right. I realize that it is difficult for Canadian organizations to travel to or obtain information about the entirely closed socialist societies. On the other side of the issue, I realize that some Canadian organizations, because of historical, ethnic and family ties, are interested only in developments in Eastern Europe. But I feel strongly that all Canadian human rights organizations should address human rights violations impartially, wherever they occur, and provide to their memberships a broader understanding of how one situation relates to the others.

In closing, I want to assure you that the Canadian government is committed to pursuing vigorously human rights objectives within our over-all Canadian foreign policy objectives. In this, we rely greatly on our partnerships with non-governmental organizations and with parliamentarians. I hope we can continually reinforce our separate, but complementary, endeavours to make respect for human dignity a reality throughout the world.



Statements and Speeches

No. 81/8

THE ALASKA HIGHWAY GAS PIPELINE

Remarks by the Honourable Mitchell Sharp, Commissioner of the Northern Pipeline Agency, to the Canada-United States Energy Issues Seminar of the Washington Council on International Trade, Seattle, March 23, 1981

As I indicated in my brief opening remarks this morning, I am delighted to have the opportunity to participate in this seminar on Canada-United States energy issues and honoured to have been asked to serve as general co-chairman for the occasion.

Having been involved in one capacity or another with many energy issues affecting our two countries over a period of some three decades, I must confess that I resisted the temptation to cast a wide net in my remarks this afternoon only with considerable difficulty.

However, since others have been or will be dealing with many particular energy issues of concern to Canada and the United States during the course of today's conference, I will confine my remarks to the Alaska Highway Gas Pipeline System. That in itself is certainly a broad enough topic, involving as it does not only the largest co-operative energy project ever undertaken by two nations but also a project that in so many aspects is central to the kind of challenge with respect to energy that confronts our two countries at the present time.

As with so many other major undertakings of the past, this great project has faced its full share of problems and the usual derision of doubters and detractors. The prolonged deadlock in Congress of 1977-78 over U.S. natural gas pricing policy, the extended time required to resolve a number of complex regulatory policy issues, and the earlier stalemate between the sponsor of the pipeline in Alaska and the Prudhoe Bay gas producers all served to cause delays. As a result the scheduled completion of the entire project has been set back nearly three years — from the original date of January 1983, to late 1985.

To put the case in perspective, let me point out that from the very beginning no one who had any close involvement had any illusion that seeing this project through to its successful completion would be an easy task. How could it be otherwise, considering the very immensity of the undertaking, the massive challenge of privately financing it, and the critical need at every stage for the close co-ordination of the effort on both sides of the border of the two federal governments and their regulatory agencies, dozens of state and provincial governments, and the multiplicity of private interests that provide the real driving force behind the venture?

The fact of the matter is that, notwithstanding the difficulties and delays to which I referred earlier, substantial progress has been made in getting on with the job. Indeed, construction has already begun on the southern segments of the project, which com-

Substantial
progress

prise approximately one-third of the entire pipeline for the initial purpose of transporting some one billion cubic feet a day of surplus Canadian gas to U.S. markets in the mid-west and western states.

In Canada, the building of the western leg is virtually completed. Construction of the connecting links in the United States is well under way, although I gather it has been set back somewhat by the early onslaught of spring thaws and resulting seas of mud. Within the next several weeks, construction of the 1,200 miles of pipeline making up the first stage of the eastern leg in both countries is due to get under way, with completion scheduled for the fall of 1982.

Events pre-authorization

As many of you here today will be aware, the decision by the Canadian government last July to authorize this first-stage construction of the Alaska Highway Gas Pipeline was a matter of some controversy in our country. Since Canada's basic interest lay in the completion of the entire system from Prudhoe Bay to the lower 48 states, in keeping with the bilateral agreement between the two governments of September 1977, it was contended in some quarters that no part of the system should be allowed to commence in Canada until unequivocal assurance was forthcoming that the whole project would be completed expeditiously.

Indeed, the Canadian government itself needed to be satisfied that construction of the whole system would proceed on a timely basis and in the end what was at issue was the degree of assurances from the United States that would be reasonable in all the circumstances.

In weighing the issue, the government of Canada took account of four factors. The first was the agreement of the previous month between the Alaska pipeline sponsor and the Prudhoe Bay producers to share expenditures of some \$500 million or more to complete final design and engineering of both the pipeline and gas conditioning plant in Alaska, together with their undertaking to join forces in developing a workable plan for financing construction of the system in that state.

The second factor was the joint resolution approved unanimously by the Senate and House of Representatives in late June and early July. The key section of that resolution stated "that it is the consensus of Congress that the (Alaska Natural Gas Transportation) System remains an essential part of securing this nation's energy future and, as such, enjoys the highest level of Congressional support for its expeditious construction and completion by the end of 1985".

The third factor was a letter from President Carter to Prime Minister Trudeau on July 17. In that letter, President Carter said, and I quote his words, "I am able to state with confidence that the U.S. government now is satisfied that the entire (Alaska Natural Gas Transportation) System will be completed." The President went on to say that "the United States' energy requirements and the current unacceptable level of dependence on oil imports require that the project be completed without delay".

Finally, the Canadian government took account of the fact that not only would

first-stage construction of the southern segments of the pipeline yield significant economic benefit to Canada, but it would considerably facilitate completion of the remaining parts of the project.

I have taken the time to recall this sequence of past events because it has some bearing on the renewed spate of scepticism that has been expressed from some sources on both sides of the border within recent weeks.

Private financing

During his visit to Ottawa a few weeks ago, President Reagan addressed both Houses of the Canadian Parliament. In the course of his remarks, he observed that Canada and the United States had made progress on matters of great mutual importance. "Our governments," he stated, "have already discussed one of the largest joint private projects ever undertaken by two nations — the pipeline to bring Alaska gas to the continental United States. We strongly favour prompt completion of this project based on private financing."

Notwithstanding the strong commitment to the pipeline which he expressed, President Reagan's reference to the private financing of the project touched off something of a hue and cry from those who interpreted his remarks as representing something less than an absolute guarantee that all would move ahead as planned.

For my part, I have always taken the view that there is no such thing on this earth as an absolute guarantee of anything. Beyond that, however, those who took this position apparently were never aware or have since forgotten that from the beginning it was the firm intention of both countries that it should be privately financed without government assistance. That is a stated requirement of the U.S. law. Furthermore, one of the reasons why the sponsor of the Alaska Highway pipeline project was chosen to do the job was because, unlike two competing proposals, they maintained that they could complete it without government aid.

Earlier in my remarks I referred to the undertaking between the Alaska Pipeline sponsor and the Prudhoe Bay gas producers to join forces in developing a financing plan for the Alaskan system. During the intervening months, these two groups, along with their financial advisors, have been working intensively to develop just such a plan for securing the private debt and equity capital required to finance the project. I understand that within the near future they expect to be in a position to begin discussions of that plan with the financial community.

The contention that the U.S. government should declare its readiness to provide some form of assistance in the event that private financing proved not to be available without it, is, to put it charitably, nonsensical. Not only would this amount to advocating a course that is completely contrary to existing U.S. law, it would be the most certain way of ensuring that entirely private financing would not be available. Months of work aimed at developing purely private funding would go out the window and, at the very least, many more months of delay encountered. After all, what lender would assume the normal risks inherent in a project of this nature if he thought for one minute that the government could be enticed into saving him riskless?

Costs not known

The doubts that have been raised with respect to the project principally turn around the question of the ultimate cost of the pipeline and the resulting marketability of the gas that will be shipped through it.

I can not tell you today what the cost of the pipeline will be. Obviously the single most costly part of the system — and the part that poses the greatest degree of uncertainty — is that for the pipeline and conditioning plant in Alaska. I understand that both the Prudhoe Bay producers and the Alaska pipeline sponsor have confidence in and are comfortable with the detailed cost estimates that are currently being developed in conjunction with the final design and engineering work currently under way for the Alaskan system.

In considering the feasibility of the Alaska Highway Gas Pipeline project, I think it is essential to keep certain key elements in perspective. A series of critical developments that have taken place since the emergence of the Organization for Petroleum Exporting Countries as a major force on the world stage, and the continuing uncertainties surrounding offshore oil supplies, have made this more than just an ordinary pipeline, more than just a pipeline to be considered in commercial terms alone.

This pipeline will provide access to some 26 trillion cubic feet of gas already discovered on the North Slope of Alaska. That represents 13 per cent of the total of established U.S. gas reserves and the largest and most important single source of new energy supplies available to the lower 48 states within the foreseeable future.

Securing access to that gas is vital to the realization of the national interest of the United States in substantially reducing its reliance on uncertain offshore energy supplies. Congress clearly had that consideration very much in mind when it stated in its resolution of last summer that the project "remains an essential part of securing this nation's energy future...".

In Canada, we share the same national objective of reducing our own, less critical dependence on foreign energy supplies. The Alaska Highway pipeline represents one means of achieving that goal, providing us with the means of access to our own established reserves in the Mackenzie Delta and those that appear to be available in significant volume offshore in the Beaufort Sea.

Incentives for switching from oil

But we have also adopted a number of other measures as part of our new national energy program that are aimed at encouraging conversion from consumption of scarce petroleum supplies wherever feasible to other forms of energy that are more abundant. The Canadian government has earmarked \$500 million in funds to support the extension of our existing gas pipeline system from Montreal eastward through Quebec and into the Maritime provinces and westward to Vancouver Island in British Columbia. It has provided for grants of up to \$800 *per* unit to encourage conversion of oil-burning furnaces to gas, electricity or other practical alternatives. And the government has also adopted a domestic pricing policy that will provide a further incentive to Canadians to switch from oil to natural gas consumption.

Economics

Against that perspective, I would like now to make a few comments on the economics of the Alaska project — a consideration which I do not suggest for one moment can or should be ignored.

As I indicated earlier, I cannot say at present what the total cost of the system is likely to be nor what is the likely cost initially of the gas that flows through the system to markets in the lower 48 states. What needs to be borne in mind, however, is that the cost of that gas needs to be related not to current U.S. gas prices or current prices of alternative petroleum supplies such as heating oil, but to the price of alternative fuel sources — a substantial proportion of them imported from abroad — that may prevail in 1986 and beyond following completion of the Alaska Highway pipeline.

Having said that, let me quickly acknowledge that it is entirely possible that for a few years after gas is ready to flow from Alaska its cost could exceed that of competing alternative supplies. Indeed, that possibility has always been foreseen. It was for that very reason that U.S. authorities provided for the rolling in of Alaskan gas costs with that of other supplies from the lower 48 states as a means of providing for its marketability.

Now I am well aware that concerns have been expressed that this kind of cushion could be removed if the new Administration proposed — and Congress approved — the full deregulation of gas prices. Even if this were to happen, however — and at the moment it is entirely hypothetical — I am confident in my own mind that the powers that be in the United States are sufficiently innovative to devise alternative means of coping with what at most would be a short-term marketing problem.

What it is essential to understand is that a substantial proportion of the cost of the gas initially delivered to U.S. shippers in the lower 48 states will reflect the initially high cost of transporting it from Prudhoe Bay to markets in the South. But as the capital costs of the pipeline become depreciated (which in the case of the southern segments will commence in 1981-82), the costs of transporting Alaskan gas will begin to decline quite dramatically. It is for this basic reason that virtually all the assessments I have seen have concluded that over the lifetime of the project the cost of gas from Alaska will almost certainly be substantially lower than alternative fuel supplies available to the United States in the years ahead.

Before I conclude my remarks, I would like to reiterate my conviction that the undertaking of this massive project is both economically sound and very much in keeping with the national interest of both the United States and Canada in reducing our dependence on insecure foreign petroleum supplies. I have no doubt that over the next several months there will be some major hurdles to overcome. But I am confident they will be overcome simply because of the determination evident on all sides to ensure that they are.



Statements and Speeches

No. 81/9

CANADA AND THE PACIFIC: AGENDA FOR THE EIGHTIES

An Address by Mr. A.E. Gotlieb, Under-Secretary of State for External Affairs, to a Seminar at the University of Toronto — York University — Toronto, April 16, 1981

...In the postwar period Canada's Pacific personality has reached a point of considerable complexity. The economic/commercial fact is perhaps the most obvious and the activity of the private sector reflects its importance. In the Asia/Pacific region, the countries of which enjoy a gross national product now close to 75 per cent of that of the United States, Japan is our second most important trading partner, while economic relations with the countries of the Association of Southeast Asian Nations [ASEAN], Korea, India, China, Australia and New Zealand have been developing rapidly and offer the potential for continued expansion and growth. Indeed, most relevant indicators suggest that the dynamism of the Asia/Pacific region will not falter and will represent an ever-growing attraction for Canadian trade and investment.

Political ties

The political dimension of our relations with this area, which is fundamental to the promotion of Canadian interests, has also developed considerably. We have strong political ties with many Asia/Pacific nations and an active concern for events which challenge regional peace and security. Our commitment to the rule of law in international relations and collective security has drawn us into United Nations supervisory exercises both in Northwest and Southwest Asia, as well as into the United Nations emergency operation in Korea in the early 1950s. We recognized the People's Republic of China long before most of our friends in the West and the establishment of relations allowed us to make efforts to expand the international perceptions of the Peking government. In the early 1970s it became clear that Canadian and Japanese interests in the Pacific were intersecting more and more and a conscious effort was made to enhance the political aspects of relations. Most recently ASEAN has achieved a level of internal cohesion and co-operation that no one could have expected only five years ago. Canada has supported this development and the Secretary of State for External Affairs last year attended meetings with his ASEAN counterparts within the context of their foreign ministers' consultations. He will be meeting them again in Manila this June and we expect that this will become an annual event on the minister's calendar.

Cultural ties

There have also been efforts to expand activity by our cultural, academic and media communities. Cultural exchanges are increasing, Asian studies are taking a foothold in some Canadian universities and there are indications that the Canadian media are following more closely some aspects of Asia/Pacific affairs. In addition, provincial governments, particularly those of the Canadian West, are taking a much more active interest in this part of the world.

Some might ask why this range of activity is necessary; what relevance it has to the development of relations. It is our conviction that the full potential to Canada of the

Asia/Pacific community can only be realized if Canadians on the one side and Asians on the other know a great deal more about each other. This sustained program of action is aimed at developing a more balanced and substantive totality of relationships intended to broaden significantly the base of mutual knowledge, appreciation and respect between us. The basic objective is to build a sense of confidence in Canada and in our firm and continuing commitment to the area. It is our conclusion that, over time, such a pattern could significantly increase two-way understanding and would probably give Canada a greater opportunity to be considered as a serious partner for economic and political co-operation. In concrete and specific terms, no one does business with a stranger and no one seeks political solutions to regional or global problems with partners in whom one has limited trust and confidence because of limited knowledge.

Increasing relevance

In reviewing the present state of affairs I think it is safe to say that it is now widely accepted that the Asia/Pacific region has acquired an increasing relevance for Canadians. In many ways this is a reaffirmation of the historic westward thrust of Canadian development. In contemporary terms, as the markets of Asia attract greater attention as a result of increasingly important economic developments in Western Canada, it is as desirable as it is inevitable that the East-West dimension of the Canadian outlook should be strengthened. Call it Third Option, if you will, the fact of the matter is that Canada is more and more looking westward, within itself, and beyond to the world of the Pacific. This has obvious and important consequences for foreign policy formulation and for the public attitudes on which these policies ultimately rest.

Considerations such as these have brought us to the conclusion that a renewed emphasis on the system of our bilateral relationships will be increasingly necessary during the decade on which we have embarked. And nowhere is the potential usefulness of a bilateralism emphasis in developing relationships more evident than in the Asia/Pacific world. There appears to be widespread agreement about the significance and desirability of Canada's westward foreign policy thrust; there is also a general sense of dissatisfaction that the potential has not been fully exploited and that we are not doing as well in this part of the world as we might. In attempting to analyze "what is missing" I would like to touch briefly on some of the expectations of the countries in the Asia/Pacific community, on the Canadian environment and finally on the experience of two of our major partners in the region, as well as competitors, Japan and Australia.

What is missing

One major objective of most nations in the Asia/Pacific region is to obtain a strong commitment from countries such as Canada to provide firm, substantive and public support for their integrity, stability and economic wellbeing. But their expectations go far beyond that basic point. They also have a rich cultural and historical heritage of which they are justifiably proud and they expect others to understand and appreciate that fact. This understanding is essential in Canada if we are to be successful in having these countries look at us in a way which will support Canadian aspirations.

Within Canada the principal historical influences have been of European origin. That fact continues to colour our society. Elementary and high school curricula across

the country develop history and political science programs with a heavy European content. We study German, Spanish and Italian in our high schools, with a few brave souls even devoting attention to the language of Julius Caesar. On a broader basis our legal profession draws from the well of European experience, our political system looks to Westminster as the "Mother of Parliaments" and Canada's leading professional theatre is devoted to the works of one of Elizabethan England's more successful dramatists.

On the other hand the Asian influence upon Canada has been almost non-existent. Asian philosophy has not been a factor in shaping our social structures and the delights of Asian literature are foreign to the vast majority of us. Asian languages in the pre-college level are generally ignored, while even in post-secondary institutions only a brave few undertake the study of Chinese and Japanese. It is instructive to note that in 1978, 295 of the 417 students studying Japanese in Canadian universities were in first year, with only seven studying at the fourth year level.

In spite of the efforts which have been made in recent years, it seems to me that we have so far failed to invest in the Asia/Pacific region the intellectual and cultural capital it deserves. Given this situation it is not surprising that the understanding of the Asian reality in Canada is sadly lacking in comparison to that of Europe. Without firmly-based cultural foundations and the historical network of shared experiences there is little to encourage our artists, academics and other professionals to share their experience with Asian colleagues.

Within this context it is most interesting to look at the example of Japan and Australia which, like Canada, experienced a dramatic shift in the 1970s in certain aspects of their relations with the Asia/Pacific world and which have attempted to encourage and develop those relations across a broad and textured front.

Example of Japan

Japan's economic and political interests in the region require no explanation. It is interesting to note however that, despite the intensity of activity in these areas, the Japanese concluded that a broader approach was required and that enhanced efforts had to be made to develop better understanding and awareness.

A variety of institutions are involved in this effort on the Japanese side, the most well-known being the Japan Foundation, which dispenses 37 per cent of its annual budget of more than \$25 million in Asia. The Foundation, funded by a \$200-million endowment supplied by the government and private industry, supports academic, linguistic and cultural exchanges which seek to insure that the common elements shared by all Asians is dramatized, and that the unique qualities of the Japanese experience are understood and appreciated. The Foundation is an independent organization but works closely with the Foreign Ministry in establishing its objectives and is guided by Japanese embassies in countries where there is no resident Fund office.

The ASEAN countries receive particular attention from the Japan Foundation. In addition, other programs have been initiated with ASEAN to complement its efforts. These include a cultural fund with a \$30-million endowment to promote inter-

ASEAN cultural exchanges; a scholarship fund dispensing \$1 million annually in ASEAN and applicable anywhere in the world; and a cultural grants program to develop the infrastructure necessary to further cultural exchange programs throughout Southeast Asia.

Example of Australia

Since Australia and Canada are perhaps more comparable than Canada and Japan, the Australian experience may be even more relevant to our discussion.

By the mid-1970s, a variety of factors had made it obvious to Canberra that relations with Japan would be of increasing importance and that efforts would have to be made to insure their rational development and successful management. A committee was established by the government which recommended, among other things, that an Australia/Japan Foundation be established to give texture and depth to a relationship which had become too narrowly focused on economic issues. The committee concluded that an economic superstructure was a very unsteady creation without a firm foundation of mutual understanding, and awareness of the other country as a society of individuals with cultural interests, professional concerns and family problems. In 1976, an Act of Parliament established this Foundation which was to be funded annually by both government and private sources. By 1980 its annual income totalled \$1.5 million.

In the few years since its establishment it has developed a variety of imaginative programs. A common interests program promotes and funds contacts between Japanese and Australians of similar interests — everything from firemen to craftsmen, medical researchers to legal librarians, martial arts enthusiasts to aficionados of the tea ceremony. A media program promotes cross-fertilization among journalists and media organizations, while support for Japanese language studies at Australia National University incorporates residence in Japan in the program. This brief description touches only the surface of the broad range of activities that have been put into place. I might add that the Australia experience with this Foundation has been so successful that an Australia/China Foundation with similar objectives has been recently established.

I have not mentioned the United States but it should be noted that the U.S.A. has had for years a number of very large and, in some instances, privately funded foundations promoting relations with Asia and the Pacific.

In looking at "what is missing" in Canada's efforts to meet the opportunities in this region I would be less than candid were I to suggest that our own thinking has not been influenced by Japan and Australia. The initiatives of these countries in expanding the range of their intellectual and cultural activities in the region have been most informative.

Canada foundation idea

As a result of these assessments Dr. MacGuigan has, in recent months, reviewed the idea of establishing a foundation in Canada that would not be limited to one nation but rather would focus on the Asia/Pacific region. He found considerable interest in this concept at the Pacific Rim Opportunities Conference in Vancouver last November and subsequently there have been additional expressions of support. This

positive reaction has encouraged him to view favourably the commissioning of a study which we hope will be under way soon.

Although our thinking is in a preliminary stage, we consider that the potential benefits of such a foundation could be significant. I would be very interested to know if you share this view.

Broadly stated, the purpose of a Canada foundation for Asia and the Pacific would be to develop programs aimed at increasing the understanding of Canada to those countries and to develop a greater knowledge and awareness of those countries amongst Canadians. It would serve as a symbol of Canada's commitment to the countries and peoples of the Asia/Pacific world and the development of more sophisticated and stable longer-term relationships which could be beneficial to all concerned. I am not suggesting that a foundation would be a panacea in meeting all of the difficulties which we face in meeting our objectives. Nor do I look upon this initiative as a short-term solution; it would be an investment reflecting not only our interest in the region but also our confidence in the longer-term prospects for enhanced co-operation.

I believe it would be wise to give such a foundation considerable autonomy from government direction, although if federal funds were involved there would have to be some consistency with general government policy.

Need for support

This is of course only a thumbnail sketch of our thinking at this point which I must stress is still notional. The first requirement in developing such a concept would be a decision as to the nature and scope of the foundation's purposes. The second is to ascertain the degree of interest in Canada from those at all levels of government and the private sector who would be prepared to participate in such an undertaking. Needless to say we see this as a collaborative effort requiring the support of the various Canadian communities with interests in Asia and the Pacific. As I mentioned earlier I would be grateful for views you might have on the creation of the type of foundation I have outlined.

I want to assure you that our motives are far from abstract and effete. The stimulation of mutual awareness should expose to a much broader spectrum of Canadians, as well as people from the region, a core of common interests, shared values and mutual concerns which lie just beneath the surface differences of language, culture and tradition. This in itself could make a significant contribution to Canada's economic and political objectives in this important part of the world.

In conclusion I would only restate our view that Canada's relations with the countries of the Asia/Pacific world have become increasingly complex over the past two decades. There is little doubt of the potential for further collaboration and of the growing opportunities in the region for Canada. However, many consider that we have fallen short in pursuing our interests and that more needs to be done to assist in meeting our expectations. Imagination and innovation will be required in meeting this challenge. I would suggest that the intellectual, cultural and social awareness which could be stimulated by a Canadian foundation for Asia and the Pacific could make an important contribution to the process.



Statements and Speeches

No. 81/10

ACID RAIN ONE OF THE MOST SERIOUS PROBLEMS IN CANADA-U.S. RELATIONS

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Conference on Acid Rain, State University of New York, Buffalo, New York, May 2, 1981

...I do not intend to review in detail today the issues surrounding the dangers and control of acid rain. These have been examined exhaustively and expertly by the many specialists who have preceded me here. Rather, as the minister responsible for Canada's foreign affairs, I want to examine the political components of this phenomenon — a phenomenon which for Canadians is a question demanding answers in the present, and for both our countries is an issue which goes to the heart of our relationship.

Most of you here today are familiar with the basic structure of Canada-U.S. relations. The relationship is one which spans much of our history and it has — for the most part — served us well. The unparalleled prosperity of both countries attests to that. And, despite our differences in population, and despite the different courses on which our national institutions have evolved, Canadians have learned to live alongside their neighbours in understanding and, frequently, with sympathy.

Moral responsibility

But beyond that, Canadians and Americans share a moral responsibility. Our prosperity and influence have not been solely the product of hard work or economic wisdom. From the very dawning of North American history, it was evident throughout the world that Canadians and Americans were the inheritors of one of the world's richest land masses. Over a span of more than 200 years the riches of America — as it was known in the old world — were little short of legendary. It was the promise of these resources that brought to this continent the millions of people who sought to fashion it into strong and influential economic and political entities.

How well our people have succeeded in achieving that is a matter of history. If our living standards over the years are a criterion, they have indeed succeeded in achieving their goals. But I want to suggest to you today that there is another dimension to that inheritance, namely our responsibility towards each other to ensure — through the rule of law — that what was given to us is not left ravaged and extinct because we lacked the foresight or the will to protect it for future generations of North Americans.

Your deliberations here over the past two days have focused on the need to prevent such a disaster. There are those, of course, who do not necessarily share our ominous view about the essentially tragic effects of unchecked acid rain. There are others who are pessimistic about the prospects for action to effectively control those emissions which have resulted in acid rain and the profound damage it is causing to much of our environment. There are others whose approach fails to take account of the true nature

of all the costs and benefits involved. Let me briefly address a comment to each of these views.

To those who doubt the seriousness of acid rain, I extend an invitation to come to our country and see for themselves. There they will find signs of the depredations of several million tons of sulphur dioxide and oxides of nitrogen — at least half of which is of U.S. origin — which are transformed chemically in the atmosphere and fall in our country each year in the form of acid rain. Many of our lakes have reached levels of acidity which make it impossible to support fish and related forms of life. In Nova Scotia to date, no less than nine rivers no longer support the salmon population. And elsewhere, the leaching of calcium and magnesium from the soil is threatening our boreal forest — a resource that provides employment to 10 per cent of our labour force in Canada.

**Canadian
efforts to
reduce emissions**

Those who are pessimistic about the prospects for halting the high level of emissions have perhaps ignored our own experience in Canada. I suggest they look at what we in Canada have been able to bring about in this effort. The best example is the huge smelting operation of the International Nickel Company at Sudbury, Ontario — the largest single producer of acid-causing emissions in our country. Had no controls been imposed, that smelter would today be producing some 7,200 tons of sulphur dioxide daily. However, for several years, it has been operated at 50 per cent control or below. New regulations in 1980 have reduced the legal limit from 3,600 tons a day to 2,500 tons. In 1983, it will drop to 1,950 tons and we are examining ways to reduce emissions to the lowest possible level.

That is one major example; but there are others. Sulphur containment at a new copper smelter in Timmins, Ontario, will reach 97 per cent. And Ontario's thermal power stations have been required to reduce total sulphur dioxide emissions by 43 per cent during the 1980s — even though, like the United States, we are anticipating considerable growth in demand for electricity.

I cite these examples not to patriotically parade our accomplishments, but to illustrate what can be accomplished through the joint efforts of scientists, industry and government, where there is a determination to make an impact on a situation which can only get worse if left unchecked.

To that third group — those who propound the view that economic and energy considerations make significant controls unfeasible — I would submit that significant emission reductions, if wisely applied, need not detract from economic and energy goals. Nor should the legitimate costs of production be passed off to another party — in this case another country. This is spurious in economic terms and irresponsible in the spirit of international legal considerations.

With respect to coal conversion, there is considerable economic benefit to be derived from a switch to coal from imported oil. In effect, this benefit is sufficiently attractive that we can more than afford the cost of ensuring that resulting damage to the environment be minimized to the extent possible.

**Further inaction
disastrous**

It will be obvious in this that we are dealing with a phenomenon that will not evaporate or otherwise disappear. The realities of energy supply and demand make it inevitable that even at present emission levels the situation will deteriorate even further than it has. With the growth in both our countries of coal-burning, energy generation, further inaction will prove to be disastrous. Yet even the fact that we possess the technology which can permit us to live with a higher level of coal consumption at much lower emission levels will not save us unless we are convinced of the need to apply the rule of law in order to eliminate the problem arising from the inequity in the present distribution of the costs of acid rain, as well as to combat the damage acid rain inflicts on both our countries.

It can be argued, of course, that legislators will respond only to the expressed concerns of their constituents, and that, while there is a very high level of concern and sensitivity in Canada about acid rain, there is a relatively low level of concern in the United States. But this point of view overlooks some present-day realities and ignores the nature of our historical relationship.

For one thing, media reports and conferences such as this clearly demonstrate accelerating interest in the United States. I understand this reflects a growing awareness of the potential for extensive environmental damage in such areas of the United States as New England, the North Central region, parts of the Rocky Mountain region and the Appalachian area. And so, while the acid rain phenomenon has not yet had as profound a recognition generally in the United States as it has had in Canada, alert and far-sighted Americans appear to be heeding the warning signs.

I believe, also, that legislators in the United States are unlikely to fly in the face of our historical methods of resolving problems common to our two countries. Canada and the United States have developed a long tradition over the years of solving their environmental problems effectively, fairly and with careful attention to international law and responsibility. The Great Lakes Water Quality Agreement is a particularly fine example of how our countries have co-operated to deal effectively with a large-scale pollution problem.

**Legislative
action**

But acid rain is a serious bilateral issue because Canadians perceive that further delay in tackling the burgeoning threat of acid rain can result in further incalculable damage. Such delays would be particularly repugnant to Canadians if they were the result solely of narrow vested interests. But it is clear that legislative action is now vital if further damage is to be averted. It was in recognition of this that the Canadian House of Commons and the Senate recently voted unanimously to provide the authority — through amendments to the Clean Air Act — to meet our obligations towards the United States *vis-à-vis* transboundary air pollution.

In light of this legislative action, and the actions taken to begin controlling Canadian pollutant sources, Canadians now expect the United States to demonstrate the same degree of concern to address the problem. In short, we in Canada are convinced that we cannot resolve acid rain ourselves. We urgently need the co-operation of the United States.

The importance of acid rain in Canada-U.S. relations is also demonstrated by the attention it received during the visit of President Reagan to Ottawa in March. It was among the major bilateral issues discussed. I can assure you that Canada was pleased to receive the President's assurances that negotiation of an agreement to deal with the problem would proceed as planned, and that the United States wants to work co-operatively with Canada to understand and control air as well as water pollution. We regard this as an important commitment by the United States government.

The United States' commitment to commence negotiations in June in accordance with a Memorandum of Intent was reiterated just last week by a senior State Department official. In short, we intend to press on.

Aims of Memorandum of Intent

Our ultimate hope, of course, is in the successful conclusion of a bilateral air quality agreement. In that connection, our two countries signed a Memorandum of Intent in August of last year which enunciated three quite specific objectives.

The first is to commit our countries to begin negotiations on such an air quality agreement in June 1981 — only a month from now.

Secondly, the Memorandum of Intent provided for the establishment of five joint Canada-United States working groups, charged with developing a common information base. The first reports of these groups — although interim and preliminary — show clearly that our concerns about acid rain were not misplaced, that it is a genuine and serious problem.

Thirdly, the Memorandum of Intent calls on both Canada and the United States to undertake interim measures of control to reduce transboundary air pollution, pending the conclusion of a bilateral agreement. As I elaborated earlier, Canada has already implemented a number of such control measures and is anticipating some palpable reciprocation by the United States.

It has been said that acid rain constitutes a test of the rule of law in the relationship between Canada and the United States. The legal principles involved are clear. Both our governments support Principle 21 of the 1972 Stockholm Declaration which provides that states have "the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other states or of areas beyond the limits of national jurisdiction".

With regard to boundary waters, this principle has been embodied in our bilateral treaty obligations for more than 70 years. The Boundary Waters Treaty of 1909 prohibits the pollution of waters on either side of the boundary "to the injury of health or property on the other". This was the basic principle applied in the Great Lakes Water Quality Agreement of 1972 — an agreement which must inevitably be of particular significance to both Americans in this region and to Canadians in the "Golden Horseshoe" on the Canadian side of Lake Ontario.

Obligations are mutual

It was an international arbitration in the 1930s between Canada and the United States that provided what is still the clearest statement of the international law relating to

air pollution. At the conclusion of the Trail Smelter Arbitration, in which Canada had previously accepted liability for damage caused in the State of Washington by fumes from a smelter in British Columbia, the Arbitral Tribunal stated that "no state has the right to permit the use of its territory in such a manner as to cause injury by fumes in or to the territory of another or the properties of persons therein..."

I am certain that all responsible Americans accept that the rule of law should guide their relations with other countries as well as their internal activities. I am also certain that responsible Americans recognize that our mutual obligations must be met by dealing with the causes of acid rain to prevent further damage rather than concentrating on remedies for damage after it has occurred.

For our part, we accept the fact that there will have to be a more focused concentration on the problem of acid rain in both countries, necessitating heightened awareness and sensitivity to the damage associated with it.

One such mechanism is conferences such as this, in which skilled and informed specialists, legislators and others can elucidate our difficulties and focus on avenues for problem resolution. In that connection, I want to again express my thanks to the organizers of this conference for making it possible for the participants here to develop a perspective which is vital to comprehension of this very complex problem and to developing the kind of thrust which is essential to moving towards concrete action. It is an action that is in the finest tradition of our two countries and one that offers to Canadians the ray of hope we need to press on with our neighbours in overcoming one of the most serious environmental problems we share on this continent.



Statements and Speeches

No. 81/11

THE CHALLENGE OF ACID RAIN

An Address by the Honourable John Roberts, Minister of the Environment, to the Sierra Club Environmental Forum, Boston, Massachusetts, March 29, 1981

...Acid rain is the most serious air pollution problem facing our two countries today. The situation is already bad and it promises to get much worse in the future.

We Canadians are now impatient about the acid rain issue. We know how dangerous acid rain is. We know that the technology exists to stop the emissions that cause acid rain. Still, thousands of tons of acid-causing chemicals are being exported to Canada by the United States every day. The impatience of Canadians showed through when President Reagan visited Ottawa earlier this month. Thousands of demonstrators protested on Parliament Hill while the President was conferring with Prime Minister Pierre Trudeau. They were there to make the point that the United States should move, and move quickly, to prevent emissions of sulphur dioxide and oxides of nitrogen which produce acid rain in my country. I was with them in spirit, if not in the flesh.

I would like to take a moment to explain why there was a protest.

The fact is that about eight million tons of sulphur dioxide and close to four million tons of oxides of nitrogen are falling on Canada every year. At least half of that load is sent to us by the United States. In certain particularly sensitive areas, the proportion of pollution of U.S. origin rises to 70 per cent. We send some back, perhaps 10 per cent of the total falling here. We have moved to reduce our own emissions in Canada, but, as must be clear from the figures I have given you, we cannot address this problem without massive co-operation from the United States.

The situation is already intolerable. Unless we take swift action, it's going to get worse instead of better in the years ahead. Both of our countries are switching from oil to coal in the thermal generation of electricity, and that means we will be sending far more SO₂ and NO_x into the atmosphere unless we install equipment to scrub it out of our emissions.

Evidence of damage

There is ample evidence to show that the acid rain problem is real, that it's widespread and that the effects are worsening. A large and growing number of lakes have reached levels of acidity which render them incapable of supporting fish and other related forms of life. A much larger number of lakes have displayed steady reductions in their alkalinity, that is, in their capacity to buffer or neutralize acid. This gives rise to the prediction that the acidity of many lakes will increase rapidly over the next few years. Literally hundreds of thousands of Canadian lakes are located in geological formations which offer little resistance to acid and such resistance as is now being offered is being rapidly worn down. The impact of acid deposition is, in this sense, cumulative, which means the effects will worsen even if there is no increase in emissions.

Secondary effects

These effects have been perceived not only in Ontario, where our research work is most advanced, but in other provinces including Nova Scotia, which has lost fish life in nine salmon rivers so far. The effects of acid rain have, as you know, also been well documented in many areas of the United States.

The impact of acidity on aquatic systems is magnified by secondary effects, such as the increased mobilization of potentially toxic heavy metals from the soils. These metals enter the waters and kill or injure living organisms. The death of these organisms appears to be affecting other wildlife which feed on them, including some species of migratory water fowl.

Acid rain is leaching magnesium and calcium out of the nutrient poor soils which sustain Canada's boreal forest. It also appears to be inhibiting the restoration to the soil of these key determinants of forest growth by slowing down decomposition in the forest litter. In effect, the soil is being threatened at both ends of the nutrient cycle.

The government of Canada and the provinces affected have become increasingly impatient with those who argue that we do not yet know enough about the effects of acid rain to spend money controlling it.

We know from precipitation chemistry that there is a considerable excess of acidity in the rain and snow falling on our country.

We know from sophisticated weather tracking methods where our acid rain comes from.

We know a great deal about what happens during the summer, when stagnant highs move slowly northward, allowing plenty of time for sulphur dioxide to turn into the much more acidic sulphate. We understand the effects of high stacks on thermal power plants and smelters, how they cause sulphur dioxide to remain aloft longer, travel farther, and to be transformed in greater amounts into sulphate.

Those who contend that we do not know enough about atmospheric processes to spend the money to reduce the emissions from these high stacks, are really saying that we should do nothing until we can calculate precisely the effect on a given lake, of a reduction from a given smoke stack hundreds of miles away.

Action needed now

The simple fact is that our lakes are being grossly overloaded with acid right now and a major reduction in the emissions that cause that deposition is urgently needed. Detailed precision is not required to make that judgment and, given the difficulty of developing such precision, an insistence on achieving it is tantamount to refusing to do anything about the acid rain problem.

On August 5, 1980, Canada and the United States signed a Memorandum of Intent (MOI) to negotiate a bilateral air-quality agreement. This move followed by some two years the far-sighted enactment by Congress of appropriations legislation containing a specific request to the United States Administration to negotiate such an agreement with Canada.

During that two-year period the two countries established a bilateral research consultative group to co-ordinate the research programs under way in both our countries to improve our understanding of the long-range transportation of air pollution.

Memorandum of Intent

The two annual reports produced by that group demonstrated clearly that acid rain was by far the most pressing and serious of the transboundary air pollution problems. Not surprisingly therefore, acid rain is emphasized in the Memorandum of Intent. Specifically, the Memorandum of Intent did three things: First, it committed the two countries to begin formal negotiations on a bilateral air-quality agreement by June 1, 1981. Second, it established five joint Canada/U.S. working groups designed to develop a common information base for both countries to use in the negotiations. Third, it called upon both countries to undertake interim control actions under existing authorities to reduce transboundary air pollution pending the conclusion of a bilateral agreement.

The first interim reports of the work groups have been completed and are now available to the public. Further and more refined reports should be available this summer.

Despite their preliminary character, the interim reports demonstrate very clearly that our concerns about acid rain have not been misplaced. The problem is real, it's widespread and its effects are worsening.

It's superficially logical to argue, as the thermal power companies and smelters in both our countries have, that we should have precise cause-and-effect and cost-benefit analysis before spending one penny on control. The self-serving character of that argument becomes clear when we recognize the unfeasibility of meeting that request within a time frame during which much of the damage could be prevented.

Interim action by Canada

Moreover, any reasonable person can see that if the environment is being seriously overloaded, large reductions in acid-causing pollutants will be necessary, to approach a natural equilibrium. The sooner the controls are instituted, the more damage will be prevented. The recognition of this fact underlay the inclusion in the Memorandum of Intent of the call for interim-control action. In Canada we've begun to move in response to the call for interim action. The allowable daily emissions of sulphur dioxide from the huge Inco smelter in Sudbury, Ontario, already at 50 per cent of uncontrolled levels, have been dropped further from 3,600 tons a day to 2,500 tons a day, and they'll drop again to 1,950 tons next year. We have in place a special federal/provincial task force examining ways of bringing those emissions down even more, probably below 1,000 tons a day. That would represent close to 90 per cent control. A new copper smelter under construction in Timmins, Ontario will have 97 per cent removal of SO₂.

Under a regulation just issued, total sulphur dioxide emissions from Ontario's thermal power stations are to be reduced by 43 per cent during this decade, despite an expected growth in demand.

Like the U.S., we have a federal program to promote the conversion of oil-fired thermal plants to coal. It is coupled with a clear statement that any increase in the use of coal must not harm the environment. Our current administrative target (it's not a legal requirement) is to reduce SO₂ emissions by 50 per cent when converting a plant from oil to coal. We believe, and economists bear out the truth of what I am saying, that there is such a large economic benefit in switching from high cost imported oil to domestic coal that we can more than afford the costs of making sure that we do not harm the environment any further in the process. Indeed we can afford to help the environment.

**Action needed
at source**

These moves are useful but similar actions are needed in the United States. The challenge, in addition to promoting the much needed political will, is to create the necessary mechanisms to do the job. For the most part, the approach that has been followed in both countries to controlling air pollution from existing operations is to set an ambient standard — to measure how much concentration of a pollutant there is around a plant and to set limits on that. However, in acid rain you're not dealing with a concentration around the plant but with a pollutant that moves through the air — air is only the medium. The real problem is on the ground or in the water in a distant place. Thus, emissions from one state might not violate ambient air standards in another, but they could contribute significantly to harmful acid deposition. So a new concept is needed, or perhaps it's an old concept broadened to include existing sources. I refer to the promotion of control at source through technologically-based emission limits on each plant. The philosophical basis for such an approach can be stated very bluntly. The real costs of an economic activity, such as power production, should be borne by those benefiting from that activity and not spread around the countryside in the form of environmental damage. In economic jargon, the costs are internalized rather than passed on to other economic sectors or to other political jurisdictions.

**Trade-offs
unacceptable**

As for cost-benefit analyses, these are designed to allow for trade-offs. Within a nation, such trade-offs may be acceptable, although when more than one state is involved they can become very difficult. Across an international boundary they are totally unacceptable and let me tell you why. According to the principles of cost-benefit analysis, the higher the costs of preventing damage, the more damage is justifiable. Applied to acid rain, that means that the higher the costs of controlling emissions in the United States, the more damage to Canadian lakes, forests and other interests would be justified.

To adopt such an approach would be a denial of the very principles which have governed the environmental relationship between the United States and Canada for seven decades. The essential principle, embodied in the Boundary Waters Treaty of 1909, is that we should not pollute each other — "to the injury of health or property". That same concept was specifically applied to air pollution in the findings of the arbitration tribunal dealing with damage to U.S. crops caused by sulphur dioxide from a smelter in Trail, British Columbia. It is also reflected in the Great Lakes Water Quality Agreement and, on a multilateral basis, in Principle 21 of the 1972 Stockholm Declaration.

Problem not insurmountable

Canada and the United States have a long and generally successful history of seeking to respect each others' environmental integrity. We recognize that, for the rule of law to operate between nations, we must accept clear limitations on our domestic freedom of action. We've shown time and time again that our mechanisms of co-operation with each other are capable of dealing with very difficult specific trans-boundary environmental issues, and that we can rise above narrow vested interests affected in this or that instance in order to meet our obligations as good neighbours and as members of the world community of nation states. If the political will is there to maintain this tradition and to deal with acid rain, the means can be found.

I know there are some more expert than I who feel that a specially-financed program authorized by Congress and aimed explicitly at acid rain and its principal sources is needed to overcome this major problem and to meet the United States' obligations to Canada. The specific approach chosen by the U.S. is America's business, not mine as long as the results are acceptable to us. But I can say that we're prepared to meet our obligation towards our neighbour. And we have just recently amended our Clean Air Act by unanimous vote in both the House of Commons and the Senate to ensure we have the authority needed at the federal level to do this. We look for the same attitude from the United States in return.

U.S. Clean Air Act review

The acid rain problem is so serious that we cannot accept further unnecessary delay. We must move now — as quickly as possible — or we're going to cause even more irreversible damage. The key challenge in the United States at the moment is to ensure that the current congressional review of the Clean Air Act recognizes the need for the United States to prevent existing and future transboundary damage. I am encouraged that the recent report to Congress of the National Commission on Air Quality recognizes the need for special action to reduce sulphur dioxide as a means of reducing acid rain.

Canada expects the United States to recognize that it must internalize the real costs of those activities, especially thermal power generation, which produces acid-causing pollutants, rather than exporting those costs across the border in the form of environmental damage to us. By any reasonable interpretation of existing international legal principles the United States cannot continue to derive significant economic benefits by exporting significant "disbenefits" to Canada, particularly when the technology exists to prevent this from happening. I am confident that the basic inequity of this situation, together with the unacceptable character of the damage inflicted by acid rain on both countries, will move both governments to act together in meeting this challenge. My hope is that that will happen soon and I am looking to many of you here to do what you can to hasten that day.



Statements and Speeches

No. 81/12

NEGOTIATED SETTLEMENT URGED ON NAMIBIAN QUESTION

An Address by Ambassador Michel Dupuy, Canada's Permanent Representative to the United Nations during Security Council Consideration of the Question of Namibia, New York, April 27, 1981

...As one of the initiators and drafters of the settlement plan for Namibia in 1978, it is with the deepest regret that, three years later, we find the Security Council is still having to consider this issue. Namibia should long since have become independent and joined us in the United Nations.

Since the inception of the effort to achieve an internationally-accepted settlement, Canada has worked closely with France, the Federal Republic of Germany, the United Kingdom and the United States. The efforts of the Western Five, as we have become known, have profited from the support of the Secretary-General, the United Nations Secretariat and from close co-operation with the African Group, particularly the Front Line States and Nigeria.

Canada regrets the failure of the Geneva talks and is deeply concerned over South Africa's intransigent attitude which has blocked implementation of the United Nations' settlement plan and heightened tensions throughout Southern Africa. Without an internationally-accepted settlement in Namibia, the situation can only deteriorate, leading inevitably to an intensification of the armed conflict and to growing regional instability. The South African position is legally, politically and morally untenable and cannot be long maintained.

Principle of universality

While referring to the question of propriety, however, my delegation does feel obliged to express its concern that the Council chose on the opening day of its deliberations on this issue not to allow all concerned parties to the Namibian question to address the Council under Rule 39 of the Provisional Rules of Procedures. Canada believes strongly in the principle of universality as an underlying tenet of the Council's role for impartial deliberations and settlement of disputes.

...Canada remains fully committed to the pursuit of a negotiated settlement in accordance with the principles of Resolution 435. However, it has become apparent that progress towards a settlement will only be made if the transitional process is fair and the result satisfactory to, and respected by, all Namibians. Accordingly, Canada, with our colleagues in the Five, will be examining possibilities for strengthening the existing plan in order to give greater confidence to all parties in the future of an independent Namibia.

Active consultations among the Western Five are continuing to determine how a negotiated settlement might best be pursued. The complexity of the situation calls for carefully considered judgments on the part of every participant. The next steps in the effort could affect the course of events in Southern Africa for some time to come.

**Concern over
sanctions**

Canada believes that the way must be left open for the pursuit of an internationally-acceptable settlement. It is with that in mind that we contemplate with deepest concern the call for sanctions before this Council. Such a course, we believe, would probably put an end to United Nations' efforts and could indefinitely delay progress towards Namibian independence.

The frustrations of the international community over the failure to bring the United Nations' effort to a successful conclusion are fully shared by Canada and our colleagues in the Western Five. At this time, when the chances of early progress seem low, the negotiation process must be intensified and every effort made to build on the substantial body of work which has gone into the issue so far. It is essential to retain support for a negotiated solution and to avoid unnecessarily putting obstacles in that path. My government urges the Security Council to reiterate that support and reaffirms its own commitment to the ultimate goal of self-determination for the Namibian people.



Statements and Speeches

No. 81/13

THE WESTERN ECONOMIC SUMMIT

A Speech by Mr. A.E. Gotlieb, Under-Secretary of State for External Affairs, to the Canadian Institute of International Affairs, Winnipeg, April 9, 1981

It is a pleasure to be with you today and to be able to reflect, in a congenial gathering of those with a serious interest in foreign policy, upon one of the more interesting diplomatic phenomena in the latter half of the Seventies, and now the early Eighties. I refer to the emergence of periodic meetings of the leaders of the most important economic partners among the developed, industrialized, mixed economy nations, the so-called Western Economic Summits.

Meetings at the Summit level have not always had a good press — witness Yalta. Or the Versailles negotiations after the First World War among Wilson, Lloyd George and Clemenceau. Even Moses had difficulty persuading those left behind of the wisdom he brought back from the Summit! Not a few leaders have reason to ponder the old Japanese saying that "there are two kinds of fools: those who have never climbed Mount Fuji, and those who have climbed it twice".*

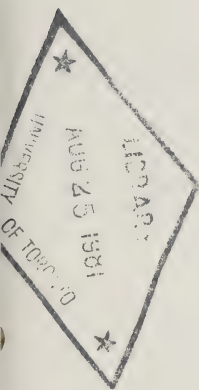
After all, what court of appeal is there from a head of government? Who will review his decisions, revise his instructions?

Yet, beginning in 1975, at Rambouillet near Paris, there have been annual meetings of major Western leaders: 1976 in Puerto Rico, 1977 in London, 1978 in Bonn, 1979 in Tokyo, 1980 in Venice. As of the July 1981 meeting in Ottawa we will see the end of a cycle: each of the seven participating countries will have hosted one Summit. The U.S.A. and French Presidents, the German Chancellor, the Japanese, British and Italian Prime Ministers have participated from the outset, joined by the Canadian Prime Minister since Puerto Rico and the President of the European Commission since London.

These seven heads of state or government represent countries which together account for around half of world trade, for about four fifths of the industrial countries' and over half of the world's output. There is a considerable gap between the political/economic stature of the smallest Summit participant and that of any potential Organization for Economic Co-operation and Development (OECD) Summit aspirant. As for the presence of the Commission President, it must be remembered that the European Community member states have by treaty handed over to the central Community institutions certain important elements of their sovereignty, notably for trade policy as well as other aspects of economic policies.

In considering why the meetings began we need to go back to the situation in 1975. Two years after the Yom Kippur War and the ensuing fourfold increase (by December 1973) in oil prices by the Organization of Petroleum-Exporting Countries (OPEC), it was painfully evident that the industrialized countries had not coped well or cohe-

*With acknowledgements for this paragraph to Arthur Andrew, formerly a senior officer with External Affairs.



sively with the fall-out. They were confronting major and pressing economic problems (recession and unemployment, accompanied by inflation), many of which indeed originated before the oil shock, arising in part out of the persistent current-account deficits of the United States. When the International Monetary Fund (IMF) Interim Committee in June 1975 failed to agree on how to approach major monetary issues (exchange rates, quotas, gold), the French President, elected to his seven-year term little more than a year earlier and himself a former finance minister, suggested a monetary summit on the ground that it was largely the floating exchange rates which were destabilizing the monetary system and thus causing the major economic problems.

Agenda for first meeting

After some hesitation, the other leaders accepted. They went to Rambouillet in November 1975, but only after agreement that the agenda provide for consideration of over-all economic policies, as well as monetary issues, and also look at North/South problems. The Summit was to take an over-all, policy-oriented, rather than narrowly technical, approach. The emphasis was on co-ordination: leaders intended to underline they were in command, were working together and would get their economies moving again. By concerting their economic policies and by mutual reinforcement and burden-sharing, it was thought that these key countries could assure and consolidate the recovery without additional inflation.

Although arising out of a specific situation, this development — the coming together for a Summit — served as a highly public recognition of the altered and more complex circumstances of the 1970s. In the Sixties or Fifties — and notably the Forties, which had seen the establishment of most of the principal international economic institutions — the U.S.A. was virtually unchallengeable in its supremacy in the non-Communist world, and far outdistanced the U.S.S.R. as well on most criteria of power. But by the early 1970s, no longer was there a solitary colossus bestriding the non-Communist world. President Nixon, in a variety of ways, had recognized the limits to U.S.A. power — economic, political and military — and altered U.S.A. commitments accordingly. The U.S.A. could no longer carry the whole burden alone and was moved to recognize other centres of strength. In particular, the Europeans and Japanese had to take on responsibilities for the functioning of the economic system, and be given a commensurate voice in the decision-making (an exercise in power-sharing of a sort to which I shall refer later in relation to the South).

1975 statistics

To take only a few economic measurements, at the time of the first Summit, gross national product for the United States was about \$1,500 billion, for the countries of the Community was some \$1,150 billion and for Japan was roughly \$485 billion (the Federal Republic of Germany was \$430 billion). The population of the United States was 215 million, the EC 260 million and Japan 110 million. U.S.A. exports were about \$100 billion, Japanese some \$55 billion, the FRG about \$90 billion and the EC as a whole approximately \$300 billion. Between 1950 and 1975 the U.S.A.'s share of world trade went from 15.3 per cent to 11.1 per cent, while the share of exports in U.S. GNP went from 3.5 per cent to 7.7 per cent; i.e. while its influence as a trader declined proportionately, U.S.A. dependence on trade grew. On the import side, this was of course dramatized from 1973 on by U.S.A. vulnerability to the uncertain oil supply and price situation.

But there were shifts going on as well between the West and other parts of the world. Soviet military power was relatively much greater than it had been, including notably in the field of nuclear weapons. The Sino-Soviet split worsened and China itself was beginning to play a more active part in the world. OPEC muscle had recently been demonstrated and the sudden transfer of wealth to oil producers, notably the few surplus countries (e.g. Saudi Arabia, Kuwait and the United Arab Emirates), can only be compared to the massive acquisition of gold by Spain in the sixteenth century. It gave rise to fears, not wholly substantiated, of a more generalized "commodity power" by raw materials' producers. The oil crisis, along with other factors, including commodity fears, gave impetus to recognition by Western leaders of the need to take North/South issues more seriously. Indeed, the Conference on International Economic Co-operation, involving 27 developed and developing countries, opened in Paris a week after the first Summit.

The leaders of the major Western economic powers accordingly felt constrained to consult together, to try to work together more closely — and to be seen to be doing so. At the same time, the leaders were careful to make clear they were not establishing a new institution. Indeed, and this was fundamental, they wanted to find a way of leapfrogging the national and international bureaucracies.

An analysis of the six Economic Summits as a series may give an erroneous impression of inevitable flow or progression from one to the next. A certain pattern does emerge, but I should emphasize that leaders did not plan from the start on a series of Summits but rather decided on holding them one at a time.

Rambouillet

At Rambouillet, the approach was largely short term and fairly specific, based on traditional analysis of the economic situation. The main success was the rapprochement between the United States and France on monetary questions, which paved the way for agreement at the International Monetary Fund Interim Committee in January 1976 on revised IMF articles, notably one which provided a legal basis for alternative exchange-rate regimes (e.g. fixed or floating) and called for more frequent consultations and exchanges on monetary issues. Other new articles agreed upon in January 1976 dealt with the role of gold, quotas and international liquidity; and a trust fund was established to subsidize borrowing by the poorest developing countries from the International Monetary Fund. Rambouillet also saw an agreement intended to slacken the export credit race and on a target (1977) to end the Multilateral Trade Negotiations (both overly optimistic as it turned out).

Puerto Rico

Six months later in Puerto Rico, buoyed by monetary successes and economic growth and with a U.S.A. election looming for President Ford, the leaders were able to sound thoroughly optimistic about their ability to deal with the joint economic problems of inflation and growth, although the disparity of approaches subsequently taken in Summit countries was seen in some quarters as belying the communiqué talk of co-ordination; and in fact growth soon dropped off again.

London

Indeed, at London a year later, the optimism was becoming a little forced and a recognition crept in of the need for collaboration in facing the major structural changes under way. Certain key countries were expected to act to pull the world

economy out of the doldrums (the Federal Republic of Germany and Japan were especially mentioned as "locomotive" powers — they were to pull the weaker economies into renewed growth). The leaders showed signs of a longer term view and spread their interests to propose a nuclear fuel cycle evaluation and to consider other matters.

Bonn

The Summit at Bonn witnessed an admission that the economic problems were indeed deep-seated and structural in character and required "sustained effort" over the long haul, if continued economic growth without increased inflation was to occur in the West. Leaders agreed on a comprehensive strategy, which was worked out and announced in some detail. It was noteworthy for applying to all Summit countries, not just the so-called "locomotives". Moreover, significantly, much more attention was devoted to energy at Bonn. Finally, the leaders gave a hard — and successful — push to the stagnating Multilateral Trade Negotiations.

Tokyo

Nineteen-seventy-nine saw a renewed increase in oil prices and led the leaders at their Tokyo Summit to devote much of their time, and communiqué, to spelling out what they would do to reduce oil consumption and imports (including individual targets), improve the oil market, foster conservation and move into other sources of energy.

Venice

Despite these moves in the right direction, however, OPEC countries nonetheless decided on further price increases. By Venice, in June 1980, Summit countries were inclined to express vigorously their exasperation with some members of OPEC and to announce a detailed, decade-long strategy to "break the link" between economic growth and oil consumption and to set targets for substitution of oil by other energy sources. They put in place a monitoring device to pursue this strategy. There was also, at Venice, a particular focus on the recycling problem because of the depressing effect, on the world economy as a whole and the less-developed countries (LDC) economies in particular, of the \$120 billion OPEC surplus (roughly \$50 billion from LDCs and \$70 billion from developed countries). Moreover, there was a significant focus on relationships with the developing countries, with the leaders commissioning their personal representatives to present them a year later with conclusions on this subject for consideration at Ottawa.

Points emerging

If we stand back and look at the successive Summits, one is struck by a number of points:

— The main economic problems identified by the leaders as requiring their attention have largely been the same mix: low growth, inflation, unemployment, protectionist pressures, the many faces of energy, the North/South dialogue — even though the emphases have varied.

— There has been a growing appreciation of the degree of interdependence, both among developed countries, and as between them and other groups whether developing as a whole or OPEC in particular. This means that, given the degree of inter-penetration of our Western economies — in trade, in money markets, in investment to name only these — domestic policies in any major country have a growing effect on others and thus no one country can regulate its own economy alone.

Accordingly, problems, such as interest rates, economic stimulus or restraint, have to be tackled in concert by the Western countries together, although the appropriateness of individual measures will still vary by country. The increase in linkages of Summit countries with the oil producers has also been dramatic, whether it is in Western demand for oil and search for markets; or OPEC dependence on Western manufactured products and know-how, and OPEC need for secure and remunerative places to invest. Even with other developing countries, trade and capital links are now of great and growing importance for many Summit countries, and market prospects in certain newly industrializing countries are among the most promising anywhere.

— There has been a shift from the rather more short term, specific, relatively optimistic communiqués of the first few Summits, to the longer term, relatively realistic, indeed almost dogged mood in the later ones. Summit countries have in fact increasingly appreciated that the issues facing them cannot be dealt with quickly but will be around for some years, that we are in for a period of relatively low growth, high cost energy, high inflationary pressures, employment problems. And if one looks ahead to the end of the century — as leaders did at Venice — the prospects, without major policy changes in the meantime, are not encouraging.

— While Summits have thus increasingly looked longer term, they also have taken positions on the immediate or the specific, often in great detail. This is so, in significant part, because leaders have clearly perceived they need to have something concrete to show after such a major meeting. The public focus on these Summits has been greater each year (we may have between 1,500 and 2,000 press in Ottawa) and the expectations that are built up are increasingly difficult to satisfy.

— Yet, despite the fact that simply by meeting, the leaders have not brought magic solutions to their own and the world's ills — after all, these problems are still with us seven years later — the leaders are continuing to meet. They have found these gatherings a necessary, indeed central, element in their calendars. Summits have increasingly come to play a major role in the calendar of the whole international economic process.

— Not infrequently, the communiqués contain language, agreed to by all participants, that on the face of it could be embarrassing at home to one or more participants. The truth is that participants have not been unhappy with such wording. They need the mutual reinforcement to help them either to resist domestic pressures, e.g. for protectionism, or to move in desired directions such as on energy pricing for the United States.

— The Summits have gradually extended their purview beyond the basic economic issues looked at in Rambouillet. At Venice, for example, clearly political issues were raised and communiqués were issued about them, notably Afghanistan. Terrorism and hijacking have been other such issues, as were refugees at Venice.

— Although no continuing secretariat has been established, an innovative aspect of Summits has been the appointment of personal representatives of the leaders. The personal representatives have been charged with following-up on one Summit and

preparing for the next, with the lead taken by the next host country. Also, on energy in particular, follow-up arrangements have been made to monitor progress in implementing the Venice commitments. A recent report on Western consultations by four private policy research institutes underlines the need for systematic preparation of the Economic Summits and suggests consideration of a small permanent secretariat. I am dubious about this idea; it could tend to "bureaucratise" Summits. Leaders will themselves, properly and understandably, want to keep on top of preparations for and follow-up to the Summit and keep these closely under their own personal control.

Importance of communiqués

I realize that communiqué-reading is something of a specialized, not to say arcane, art. Not everyone spends Friday evenings curled up with a good communiqué or two. But, read with due care for the nature of the source, the Summit communiqués of the past six years well reflect the evolution of informed thinking — the shift from relative optimism to a greater recognition of the intractable long-term nature of the economic problems, a greater acceptance in principle of the reality of interdependence and structural issues. Leaders' policy of consultation has been reaffirmed and strengthened, closer personal relationships have developed among the heads and a readiness has emerged to move towards collective action in some areas. In the process, these communiqués have served to educate the public and thus, perhaps, have had some effect on the expectations of participants in the economy.

The Economic Summits, in fact, have so far proven to be a positive and helpful addition to the Western world's instruments for managing international problems. They are not seen by the leaders as a *directoire*, nor could they be. The Summit countries must continue to work with their closest friends and partners: in the European Economic Community; in international organizations such as the Organization for Economic Co-operation and Development and the International Energy Agency; and more broadly in the General Agreement on Tariffs and Trade, the International Monetary Fund, the International Bank for Reconstruction and Development — in all organizations that are the policy organs for co-ordinated action. But Summits have brought key leaders together in a group that is large enough to have a significant voice in the world yet small enough to make real discussion possible. These gatherings have filled a void. To some extent they have in fact been able to overcome the weight of modern bureaucracies, though there remains a concern about institutionalization of the process, a fear expressed particularly at Venice that the communiqué-drafting threatened to take over the discussions. I believe, in short, that the world would have been worse off if there had been no Economic Summits.

North/South dialogue

The Summits — although political gatherings in the broad sense — have up to now focused largely on economic issues. These economic issues remain; indeed the economic prospects immediately ahead are at least as sombre as those before any earlier Summits. Moreover, the North/South dialogue will be with us in some form or other for many years to come. For this reason, at Venice, leaders asked their personal representatives to make a special study of aid and other contributions to developing countries, in order to facilitate a solid and substantive discussion of the subject at this year's Summit in Ottawa. In doing so, they were conscious of the factors of interdependence between developed and developing countries to which I alluded a few

moments ago. They had in mind the very real interests of Summit countries in the economic health and well-being of developing countries — and also in the political stability of those countries in the interests of world peace and security. Of course, it remains true that for Summit countries there is an important humanitarian element in the contributions that they are prepared to make to the development of countries in the South, and this is as it should be, particularly with respect to the poorest developing countries.

Added to these issues, however, are a number of other difficult, and pressing, problems of a broadly political, or security nature.

East/West issues

As was recognized even before the new U.S. Administration took office, the East/West situation has deteriorated markedly in the last 15 months or so, notably since the Soviet invasion of Afghanistan. The Polish problem does nothing to lessen the tensions. These factors themselves serve to highlight the change in the military situation between East and West brought about over a period of years, particularly by Soviet increase of its military capacity. The weakening of *détente* has also had its effects on the North/South equation: there is in some quarters today an inclination perhaps to focus less on problems of the South and more on the East/West issues; and to see Southern problems increasingly through an East/West prism. Both sets of issues in fact are important in their own right and would need attention whether the other set existed or not. Clearly, of course, there are many significant linkages between the two and Summits offer one place where a large view can be taken and the broad problems addressed.

Though it should be noted that the U.S.S.R.'s actions have not invariably helped it *vis-à-vis* the non-aligned, it is also clear that the developed Western countries are far from united on where they should be going or what they should be doing to get there. There are differences of view on strategy and tactics, as came out only too clearly last year over Afghanistan. One could say that there is need for the Western countries to go through something of the same kind of process in these areas as they did during the 1970s on economic subjects; defining the issues, working to develop better understandings and common approaches among them, perhaps even taking steps ultimately towards joint objectives and actions.

But how? These are delicate issues, touching national sovereignty, deeply held convictions and ancient traditions. What is the right group? Should the Economic Summits be broadened to include political issues, as suggested in the report of the four institutes I mentioned earlier? Given the political and economic ramifications today of most major issues confronting heads of state or government, whether in the East/West or North/South context, might one not question whether the distinction between "economic" and "political" issues in a Summit context is still valid or realistic?

Summits are here to stay

At a minimum, looking ahead, I find it hard to imagine that Summits in some form are not here for the foreseeable future — despite the risks and *caveats* outlined at the beginning of my remarks. Indeed, if Summits did not exist they would probably have to be invented; if they ceased, they would need to be recommenced. Only Summit

leaders are in a position to take decisions on the web of issues facing the world today; they can cut across lines of authority within their own internal systems and make commitments to broad new directions, on the basis of co-ordinated objectives and some degree of equitable burden-sharing.

In this sense, individual leaders are right to submit themselves at Summits to pressures from their peers to move towards mutually shaped goals, to be prepared to "bend" their national "instructions" in favour of a broader interest, and thus to mediate the necessary change to their populations. Summits thus do have implications for domestic policy-making; but these implications are not always direct and the instruments to be used and techniques to be followed in carrying out understandings reached at Summits will necessarily depend on the circumstances of each country.

Reaffirmation of commit- ments

At this point, most of the Summit leaders are new (or re-elected). President Reagan, Prime Ministers Suzuki of Japan and Forlani of Italy have recently been chosen. President Thorn of the European Community Commission took office as of the beginning of 1981. German Chancellor Schmidt was re-elected last autumn and the French presidential elections take place this May. Because so many leaders are new and since most can look forward to a considerable term of office, it is timely, perhaps essential, for leaders to reflect together on what their objectives are, which are the key issues facing the West, how these issues should be grappled with. They need to reaffirm their commitment to consultations, to avoid — to the degree possible — unpleasant surprises or unilateralism — especially given the uncertain outlook in such areas as money and finance, trade and protectionism. They may at some point want to go beyond that to set some kind of joint program, as they have to a degree already on energy, perhaps even to consider possible further arrangements to implement it, recognizing of course that they will need also to continue to work with their partners in existing international fora.

Canadian view

For our part in Canada, we attach a good deal of value to the Western Summits. They should continue to be available to do the sort of things they do now. From my perspective, the Summits could usefully go further, and begin to take what I shall call the macro-political approach. Somehow, I believe, we in the industrial world need a manageable locus for concerting our views and objectives, our policies and activities, on problems facing the West from the outside, as well as for getting our act together among the industrialized democracies.

It is particularly important, from a Canadian point of view, that this kind of consultation and concertation be effectively taking place among our closest friends, since we are placed in a very delicate position in the case of persistent and major unresolved differences between, say, the United States and major European Community countries, or Japan, e.g. monetary problems in the early Seventies, trade issues, or views on the future of *détente* today. We are accordingly anxious to contribute in whatever ways we can to overcome the current differences on economic and political strategy among the industrialized democracies and believe the Summits could be helpful in doing so.

Ottawa Summit

I should underline that leaders should not be expected to reach definitive conclusions on these matters at Ottawa; indeed, by their nature, these issues are constantly before

governments and leaders will need to devote time to other subjects as well. Among the major items I anticipate at this stage for Ottawa's agenda are the tensions between fighting inflation and coping with the implications of the low- or no-growth scenarios foreseen for most Summit and other developed countries over coming months, with their significant social and political overtones particularly at a time of growing unemployment in many industrialized states. Recycling of petro dollars and the debt and balance-of-payments needs of a number of significant developing countries are other difficult current issues, although we would hope that the May meeting of the IMF Interim Committee in Gabon will be of help in further improving the system. We were in this connection very pleased at the recent agreement between the IMF and Saudi Arabia under which the latter has undertaken to provide some \$8 billion SDR (special drawing rights) in loans to the IMF while IMF members have agreed to a special increase in the Saudi quota in the IMF. This is a good example of recognizing the need to share power where it exists in the South.

The international trade situation is frankly worrying and Summit leaders may well want to reflect on how to avoid a destructive protectionist focus on bilateral irritants — of which we all confront unfortunately too many these days — and instead devote their attention to ways of renewing the impetus to expanding world trade in the interests of all participants. In addition, leaders will, of course, need to review progress on the comprehensive energy strategy they agreed on at Venice.

Also arising out of Venice, leaders will have before them the report on North/South issues to which I have alluded already. I expect this set of conclusions from the personal representatives will give rise to a substantive and thought-provoking discussion among leaders of Summit countries' relationships with developing countries, looking to the future and bearing in mind notably the Commonwealth heads of government meeting beginning in September in Melbourne and the North/South Summit planned for Mexico in late October. This is a subject to which we in Canada continue to attach very great importance.

Energy assistance

One major priority area which comes to mind is energy assistance to developing countries; I think of the proposal for a United Nations conference this August on new and renewable sources of energy. I also think of the proposal for an International Bank for Reconstruction and Development (World Bank) energy affiliate. The oil bill of the developing countries as a whole has increased dramatically; at an estimated net \$50 billion in 1980 for all developing countries, it ate up an estimated 20 per cent of their export earnings from goods and services, compared to 12 per cent in 1978 — an increase of 66 per cent in two years. To take two individual cases: Turkey spent an estimated 83 per cent of its 1980 export earnings from goods and services on oil imports and India 78 per cent of goods' exports earnings to pay its \$7 billion 1980 estimated oil-import bill. The World Bank has calculated that by 1990, the proposed energy affiliate could have the effect of shaving the projected oil-import bill by U.S. \$25-\$30 billion in 1980 dollar terms — money that could go to economic development including needed imports from industrialized countries.

Food crisis

Food requirements are another major problem today at a time when grain supplies are once again getting tight and prices are rising, to the benefit of producers but to the

distress of the poorest in developing countries. Indeed, given the stock situation, production prospects and changes in demand patterns in the middle-income developing countries, in the World Bank it is felt that there could be a serious food crisis in the next few years if, for example, there were two bad harvests in North America. Over time, the only real solution is to reverse the declining ability of developing countries to feed themselves, to find ways greatly to increase world-wide production.

Although only a symptom of broader malaise, the plight of refugees in many parts of the developing world is a source of instability and a legitimate claim on the conscience of mankind; Summit countries cannot avoid reaffirming the leadership they have provided on this subject in recent years.

Conclusion

In conclusion, it is clear that the principle focus in the Western Summits will undoubtedly remain on the major economic issues confronting them and the rest of the world including the complex of issues known as the North/South dialogue. But political and economic issues do not exist in watertight compartments. I cannot imagine leaders, who in their everyday work move easily from one issue to another and endeavour to see the relationship among those issues whether economic or political, artificially compartmentalizing their work in a Summit context. At the same time, an overly "political" approach raises issues such as whether the group is the right one for the problem under consideration and may cause overlap with other bodies. Moreover, Summit leaders have clearly indicated that there are a number of basic problems in our economies, such as inflation, energy, trade, on which they must focus. Yet they are conscious that the major political issues facing the West, and particularly but not only the over-all relationship between East and West, cannot be divorced from questions of economic health and prosperity. The lack of consensus on such important political problems can weaken the West and, as evidenced at Venice, no other forum provides quite the same perspective for broad consideration of such subjects.

If these Economic Summits to date have been able to avoid some of the major potential pitfalls and weaknesses of some other Summit meetings, it may be in part because they have not been institutionalized or set up a permanent secretariat. They have remained flexible and informal and responsive in large part to the evolving requirements of the heads of state and government. To the extent to which these leaders wish to make a more useful and cohesive instrument of Summits, they risk becoming a court of last resort, a forum to which problems are passed up from below and that is seen as a place for decision-making on more and more specific items. It is our hope that Ottawa will make its contribution to finding the fine line between over-institutionalization on the one hand and only general discussion on the other so that Western leaders can make the most of this new diplomatic phenomenon, in the interests of their own countries and the rest of the world.



Statements and Speeches

No. 81/14

CANADIAN ARTS AND CULTURE – POLICY REVIEW

An Address by the Honourable Francis Fox, Minister of Communications, to the Canadian Conference of the Arts, Ottawa, May 7, 1981

I am particularly glad to be able to speak to you tonight. We share the same concerns. In many ways we face the same problems. These concerns and these problems are part of your professional lives. In the year since I became minister responsible for the arts they have become the core of my professional life as well.

Thirty years ago the Lévesque-Massey Commission took on the problems of its day. It must be with a joyous sense of fruitful work accomplished that Father Lévesque and the other members of the Commission look on the state of Canadian arts and culture today. Looking around you at all these artists, you must feel, Father Lévesque, as if you're looking at generations who owe their creative existence to your efforts – your spiritual descendants, so to speak. Granted we now face many difficulties. But these are mainly the heady difficulties that stem from very rapid expansion and very great success. And this extraordinary success story of Canadian arts is attributable in large measure to that work of 30 years ago. As indicated in the opening chapter of your *Strategy for Culture*: "We've come a long way in those thirty years."

The Canada Council's brief to the Federal Cultural Policy Review Committee gives some idea of just how far we have indeed come. Thirty years ago the total published literary output of English Canada was 55 books – 14 fiction, 35 poetry and drama, and six miscellaneous. The National Gallery had a paid staff of four. And most concerts in Canada were given in school gymnasiums, hotel rooms, and movie theatres rented for the occasion.

The more accomplishments there are, the more questions there are. The development of the arts, the support of the arts and the relationship of the arts to our society are fundamental questions we must assess once again. We are all looking for answers. Finding answers is all the more difficult because the picture is changing so fast. If we can't find all these right answers immediately, it is vital for us at least to effect some changes while we seek out better answers – and improved questions.

It is not coincidental that Canada is facing renewal on every front – from Constitution to culture. Our country is riding a wave of history. The wave is carrying us into a new era as a nation. We must see to it that we arrive from that ride renewed and strengthened – not fundamentally changed; but all the more Canadian.

What are the cultural ties that bind this nation, or any nation, for that matter? Cultural ties can be defined to include a number of common elements.

Common history, geography and backgrounds. Common customs and common modes of thought. Common habits, common languages and one other element not usually

added to all these — which, for want of a better expression I call: having regions in common.

Cultural regions

Let me clarify that. The importance of regional diversity to the nation goes far beyond being a nice blend of ingredients. On the contrary, it is precisely to the degree that it is not blended that the region gives strength to the nation. It is the special characteristics of each region which can enrich all the rest. Canada is only just beginning to define its cultural regions — just beginning to express them and to become fully acquainted with them. The individualistic nature of Newfoundland is as indispensable to the concept of Canada as are the tradition and dignity of Quebec City. Whether it's Happy Valley or Abitibi, Victoria or Thunder Bay — or Toronto, for that matter, which is also a kind of region of its own — the richness of this diversity enriches us all.

In this, Canada is not alone. Every country treasures its regional uniqueness as a component part of the whole nation. All of France has the Marseille of Pagnol and Fernandel, all of the United States possesses Dixie and all of Italy has Neapolitan street songs. And in that way a sense of belonging develops. The individual in the region feels a sense of belonging to the whole and the country in turn belongs to all.

In this sense the region feeds the nation and the nation feeds the region. Thus the multiple diversity of the nation's regions do not, in the final analysis, divide it, but unite it, because they are integral parts of the whole....

It is from the intercourse between these two sources — regional and national — that national culture and national art are produced. I mention culture and art as separate entities because, as you know perfectly well, they are not synonyms. Roughly speaking culture represents certain aspects of society, of social organization. Art represents the individual — the individual as artist, the individual as audience-member.

Art defines man

You can be sure, however, that I am not even going to attempt a definition of art. Too many have tried and failed. But I must confess that I was deeply moved by the statement made some time ago by an archaeologist on the most recent finding of cave drawings, which dated man's artistic accomplishments back several hundred thousand years earlier than had been previously estimated. He observed: "Evidently art is not characteristic of civilization; art is characteristic of man."

One can almost say, since art is characteristic of man, that art defines man — that man is an art-making creature. One can be even more specific and say that art not only tells us who we are, but also where we are. Michel Tremblay's *Marie-Lou** places the viewer as firmly in Montreal as the sight of St. Basil's cathedral places the viewer in Moscow.

In that sense, art is its own best self-defence against foreign cultural encroachment — no matter how powerful and all-pervasive the neighbour. One has only to look at the histories of the Czechs, the Hungarians or other art-cultures of the former Austrian Empire, or at the neighbours of Russia — such as Poland and Finland — to see how a

* *A toi pour toujours Marie-Lou*, a play.

characteristic and well-nourished national culture characterizes and nourishes its nation.

That is because art is of the spirit. It is the dream by which we all live. Man deprived of dreams, dies or goes mad. This is as true of nations as it is of individuals.

And, as with individual human beings, the development and cultivation of a powerful self-image — and national art can be so defined for nations — offers the best defence against encroachment and the best guarantee of fruitful relationships with other people and with other peoples.

Thus, while self-defence against foreign invading cultures is essential, it is not fundamental. It is the arts themselves which are fundamental. And in that sense, the work which artists do is a most important and significant work in defence of our national sense of belonging....

Cultural industries

Today art must be able to take place within the context of the computer chip. The technological developments of the last decade, the last few years, indeed one can almost say the last few months, are producing mind-bending forces such as have not even been imagined, let alone existed. And these forces, if abandoned to multi-national control, can threaten both the emergence and the emerging strength of our national cultural and artistic community.

At the end of the ages of steam and electricity, in this age of the computer chip, the battles for the minds of men, for cultural, artistic, national integrity, are fought, in surprisingly large measure, by means of industries whose foundations lie in the arts and the work of the artists. They have begun to be commonly called the cultural industries. Because of the speed of technological change in this sector, the scope of the problem increases at the same hectic pace as the urgency of the need for solution.

Suddenly artistic, cultural, information, and commercial messages have become all-pervasive....

Suddenly the minds to be won and the moneys to be won can be universal; and cultural industries seem — but only seem — to be the battlefield where the winning will happen. Clearly, the cultural industries can be of immense support to the arts by offering creative opportunities, jobs and audience proliferation.

It is quite natural to be filled with enthusiasm for these novelties. It is also natural to be filled with more than a little apprehension at the possibilities for cultural invasion the marvels offer; cultural invasion not only from the south, but also from Europe — France and England — as is already happening, or about to happen *via* satellite. But whatever our reaction to this fascinating new hardware, we must never forget that it is only hardware. It is merely the container, not the contents. It is your work as artists which must make up the contents.

That said, there is a nevertheless. If the hardware is not in place and the producers are not there and the whole industry does not exist to offer its containers, there can be a

loss to artists. If the movie industry in Canada were not now flourishing there would not be a proper vehicle for artists such as Al Waxman and Denis Héroux. In the same way, if Hollywood's industry had not been in place, Chaplin might well have remained an obscure vaudevillian.

What must be noted, not only by us, here, but nationally as well, is that we now have in Canada this multi-billion dollar industry, which is called collectively "cultural industries", which has not been treated well as an industry and has not received the support it deserves. What's more, the importance of this industry goes beyond even its own broad scope because of the power of its economic impact nationally, because of its multiplier effects, because of its impact on tourism, and its manufacturing impact.

The support of this industry — like the support of any industry — ultimately benefits the economy of the whole country. The cultural industries actually benefit the individual taxpayer from two directions: through economic impact, and through spiritual impact. From both points of view, they help remake the quality of life.

The development of the cultural markets is essential in that it offers another means through which artists can now work. Just as the opportunities offered to artists by CBC radio — in the pre-television era — were essential to the lives and careers of previous generations of Canadian creative and performing artists, so the opportunities offered by the new technologies will be essential to this and the next generation of our artists.

This will, of course, only come about if we control our own technological markets, and our own place in the cultural mind-set of Canadians, and — as Canadians — in the mind-set of other nations around the world.

Given all these facts, as the federal minister responsible for arts and culture, I must take an interest, a fairly concentrated interest, in the technological and industrial developments of cultural industries. But the emphasis of my interest is on the culture, not the industry. The cultural industries are totally uninteresting from a cultural point of view, if there isn't any culture in them!

Of course I'm interested in the fact that these new technologies provide jobs, may eventually improve the balance of payments, and can encourage tourism. But none of these, not any one of these, is a purpose that can inspire a minister responsible for culture!

Support of the artist

My purpose, and the government's purpose, is the support of the artist. To paraphrase what Gratien Gélinas once said about playwrights — the artist is the spokesman for the people. The support of the artist and the work that artists do — that is the focus.

There are two ways we can support the artist in his work. One way is directly, through such means as copyright or Canadian content legislation, by actions that help increase his income, and through granting bodies — the Canada Council particularly — which pass funds along. It is in these direct ways that support can be channelled to the individual artists — the artists who work alone: painters and pianists, singers and sculptors.

The other way is indirectly through organizations. Today one can see two distinct organizational structures in the Canadian cultural-artistic world. On the one hand, there are those which are profit-oriented and governed by the laws of the marketplace — that is, cinema, records, books, periodicals. Then there are the not-for-profit organizations, which cannot function without subsidy, even when they are successful at the box-office. These include ballet, theatre, opera, and orchestras.

Yet the divisions between the profit-oriented and so-called “pure” art organizations are not always clear-cut, as witness the subsidies needed by such for-profit enterprises as publishing; or — as a far-fetched example — witness the trade motto of one of the world’s oldest and strongest cultural business enterprises, MGM, which is: *Ars gratia artis*. In other words, “Art for art’s sake,” says the slogan around the lion’s head. You just have time to read it before he roars....

Questions involving artistic judgment should remain absolutely at arm’s length. These activities of the agencies must be kept at arm’s length and thus free from political interference. As I said in a speech in August 1980, “culture can only flourish in an atmosphere of freedom.... We must preserve this principle with great care. ... (This) means a framework that is conducive to free expression. Politicians sometimes find that this is a principle that is difficult to live with. But I believe strongly that it is the strongest basis on which we can establish our policies.” And it is precisely because I have such a determined conviction on this issue that I wrote to Lister Sinclair on February 18, to say: “I have initiated discussions with my Cabinet colleagues, with a view to ensuring that our Crown corporations’ policy will not alter, in any significant way, the present status of the cultural agencies, pending the outcome of the cultural policy review.”...

Review committee

Probably the most important of the things done was the restructured Federal Policy Review Committee, whose work is not in full swing. Calls for a review had come repeatedly from both inside and outside the artistic and cultural community. You yourselves were among the first to call for it. The response of the country to the committee has been extraordinary. Over 1,400 briefs have been received by them in preparation for their nation-wide hearings, which are now in progress. This makes a striking contrast with the 460 odd briefs received by the Lévesque-Massey Commission 30 years ago....

I understand that some members of the Canadian Conference of the Arts have expressed a need for clarification concerning the policy process to be followed at the close of the review committee’s hearings.

The plan calls for the committee to prepare a report on the hearings as soon after them as possible, in order that the public may have the benefit of a concise overview of what happened at the hearings and what was contained in the briefs. This will be available to the public and I plan to table it with the Standing Committee on Culture and Communications.

Subsequently the Cultural Review Committee plans to publish its principal statement, or final report, which is to contain their recommendations to government. The com-

mittee expects this to be ready early in 1982. As I said July 10, 1980 during my appearance before the Standing Committee, this report will be made public. It too will be tabled before the Parliamentary Committee.

Finally...I will be preparing a White Paper on cultural policy which I hope to table in the House in the early summer of 1982.

I want also to repeat that I stand strongly behind this process, the work of the committee, and their report, and I look forward to receiving it....

In the meantime there are urgent matters in the cultural world that brook no waiting. The Canadian Conference of the Arts has shown that it fully recognized this urgency by the determination and the speed and efficiency with which it conceived and produced *A Strategy for Culture*. I know I speak for the whole department when I say that we applaud and admire your very special, and understandably costly effort. And I am pleased to be able to help in its financing with a grant under the Special Initiatives program of \$102,895....

The government fully agrees with you when you say in the conclusions to the *Strategy*: "There are too many urgent problems affecting Canadian cultural activities that must be dealt with now...for us to be able to accept inaction until after publication of the White Paper in 1983."...

Financial assistance

One of the matters mentioned at that time, whose impact has touched all aspects of the Canadian artistic-cultural world, was the use of lottery revenues. It has now been four months since I announced the Special Program of Cultural Initiatives, a program of financial assistance to Canadian artistic and cultural organizations. The program has a budget of approximately \$40 million over three years to 1982-83 inclusive. Its funds accrue from the federal portion of the revenues of Loto Canada under the federal-provincial agreement on the dissolution of Loto Canada. In the context of this program I am pleased to announce that 73 grants totalling \$11,253,771 have been approved to date, and a complete list of all of these is available here tonight.

Since the program was set up in order to respond to urgent and immediate needs, it emphasizes project funding rather than any ongoing operating assistance. It has four components: First, deficit reduction. Matching provincial participation is a condition of this portion of the program. To date I have approved 33 grants totalling \$1,843,388 to organizations whose accumulated operating deficits add up to \$5,468,844: for example, a grant of \$242,815, to the Winnipeg Symphony Orchestra, and one to La Compagnie Eddie Toussaint in Montreal for \$12,240.

Secondly: Management development in performing arts organizations. This includes both management development projects and grants to performing arts organizations without a deficit. To date, 30 grants totalling \$485,000 have been approved, to organizations such as Le Théâtre des Filles du Roy, in Hull, Quebec, the Toronto Symphony Orchestra and the Globe Theatre in Regina.

The third component is: Capital assistance to cultural institutions, both non-profit

organizations for the performing arts and custodial institutions. Among these are the Vancouver Art Gallery — \$4.5 million; the Thunder Bay Arts Centre — \$3 million; and the Sudbury Theatre Centre — \$500,000....

And the fourth component is assistance for special cultural activities of national significance or character. Among projects funded to date in this area are: Onstage 81 — the Toronto International Theatre Festival — up to \$250,000; Creative Canada Créative — the cultural component of the Canada Games — \$250,000; Canadian Association of Professional Dance Organizations — for a national dance spectacular — \$71,500; and the Concours de musique du Canada — for finals of its national music competition — \$216,135.

Important as these large and immediate grants to organizations and institutions may be in their direct and indirect effects on artistic and cultural life in Canada, the primary concern of the government has been and must continue to be to improve the status of the artist, whose condition still has not reached acceptable levels of income. In this primary concern the government acts most directly through the Canada Council.

This is the quickest and most effective way to reach out. Therefore the government has, even in this period of restraint, granted \$52,941,000 to the Council for 1981-82. Of this, \$49,941,000 was its original appropriation, an increase of nearly 12 per cent over the previous year's amount, plus an additional \$3 million, which was added to its base budget. That comes to 18.5 per cent over last year's figure on my pocket calculator.

Other, more indirect support, is also already in place. For instance, the Canadian book publishing program is now in its second year. Under the sales incentives component of the program \$3.7 million was disbursed to 67 publishers. These funds will help Canadian-owned publishing firms to increase their promotion, marketing, sales and distribution capabilities. More than \$125,000 has been awarded to the Book and Periodical Development Council for a project on electronic book-ordering and distribution. And \$91,000 was given to the Société de développement du livre et du périodique for a marketing study.

In the area of support for commercial films, I will announce very shortly the details of changes in the capital-cost allowance, which will put even greater emphasis than before on the support of Canadian creators and creativity in film production.

That gives you a quick view of the most important things that we have been able to accomplish so far. It is not as much as I would have liked. There are however a number of areas where new measures are on the threshold of being implemented.

Of those, the two most directly supportive of the artist, and of particular interest to you are: tax status — the so-called Disney Report — and the reform of copyright regulations.

Tax status

As most of you are aware an interdepartmental committee has been studying a previously commissioned report on the subject of artists' tax status.

Certain of the committee's recommendations would require changes in tax legislation; and even though such changes would be of minor significance and mean only a small increase in tax expenditure or revenue cost, their approval by my colleague, the Minister of Finance, is the prerequisite of a favourable decision by the Cabinet.

It seems clear that the present treatment of the artist-as-employee, as regards the deductibility for tax purposes of his professional expenses, acts as a deterrent for the artist to seek employee status. The committee is proposing that provision be made in the Income Tax Act for the artist-as-employee to write off all allowable expenses incurred in practising his or her profession, in the same manner as if he were self-employed. To facilitate this process further, the committee is proposing that arts organizations that are being supported by the Canada Council (and which are employing the services of artists) should receive additional financial assistance, where required, to help defray the additional cost to them of employers' contributions to the unemployment insurance fund.

Although the committee was not able to go along with every solution in the dozen or so issues dealt with by the Disney Report, its message to government is unmistakable: action to improve the lot of the Canadian artist should be taken.

There are some other changes to the Income Tax Act which I am interested in seeing made. These have to do with the provisions for deducting from income donations to organizations that are registered as charities, which include all performing and other arts organizations, museums and galleries. As Secretary of State I am responsible for co-ordinating the development of federal government policy on voluntary action. My officials and I are currently considering a number of proposals for change in the incentives within the tax system. These changes would encourage charitable giving to qualified organizations and thus increase the revenues of these organizations and consequently their independence of direct support by government.

As for copyright legislation, it is of fundamental importance to cultural and communications policy and is central to many of the considerations of the Review Committee. Indeed, I understand that many of the briefs to the committee deal with copyright and the need for revision. I fully support the necessity of an appropriate revision of the law. This is a priority for me in the coming year.

There are two major areas of cultural activity that are now under active review by the department: broadcasting and recording.

Broadcast programming

I want to turn first to broadcasting and what I perceive as the greatest challenge facing our broadcasting system — programming...

We can justly boast about the hardware side of our broadcasting system and related production facilities. But programming is the problem. When I say that the difficulty facing us is a matter of content or programming, I know that I am not saying anything new. Yet, it's a recurring problem.

Only gradually has the broadcast industry become aware that the 100 per cent

capital-cost allowance on the investments in certified film and videotape productions can be used for television programming. And certification for non-feature film and videotape projects, which are mainly television productions, rose from about \$9 million in 1978 to about \$35 million in 1979 and to an estimated \$50 million in 1980.

We must also look at the cable television industry. This system of distribution has increased or improved the circulation of television programming. But it has not contributed significantly to the solution of the content problem.

It has, in fact, been very tempting to feed our distribution system with content easily available from our neighbours. After all, they are the largest source of cultural products in the world.

But can a country remain vigorous and independent and successful if it has little to say for itself? Can we simply sit back and watch and listen to what others have to say? My own answer is no — no, not only as Minister of Communications but also no as a proud Canadian.

For the time being, individual or incremental solutions must not be underestimated. Among these are extension of service, pay-TV, additional provincial educational networks, interprovincial educational networks, new Canadian content rules and better use of the capital-cost allowance. Moreover, such solutions need not wait for the elaboration of an over-all strategy. Nevertheless, the elaboration of such a strategy must be undertaken. If we are to solve the basic problems, we will have to move boldly.

At the request of Cabinet my department is now actively developing, as an important element within its cultural thrust, a broadcasting policy for the 1980s. And there is a role for you to play.

...First, I suggest that we should start by analyzing the North American environment with its growing European components very carefully — as it develops from day to day.

Second, we must realize that we will be operating in a much more competitive environment where audiences will be more fragmented. We must look at the opportunities of world markets for some of our programs.

Third we should try to determine more precisely what our objectives and targets ought to be. What kind of Canadian programming do we want? We are doing reasonably well in news, public affairs, documentaries and sports. We are, however, doing rather poorly in variety, drama, and children's programming.

Fourth, once we have established some targets, let's establish the cost.

Fifth, what are the sources of potential revenue? What projections can we make concerning subsidies from government — both federal and provincial? What are the projections concerning advertising revenue for broadcasting? Are broadcasters investing as much as they could in program production? What kind of fiscal incentives might be

considered to encourage private broadcasters and producers to produce more? What should be the role of a new copyright act? How much will pay-TV bring to the economies of program production? Are there taxes — federal or provincial — applying to broadcasting now which inhibit program production? Are there fiscal powers in the hands of the provinces which could be used to encourage program and film production? Should cable television be required to contribute to the financing of program production?

What forum should we use to answer these questions? I don't think that such a discussion should be undertaken in isolation by politicians or government officials. It is imperative that our strategy be developed in consultation with all interested parties who are responsible for this industry, and who care about Canadian broadcasting. I would certainly welcome all the views that you may care to express to me in letters or briefs or in meetings such as this one.

Pay-TV

And now, a particular word about the immediate problem of pay-TV. I have read and taken note of your concerns regarding the importance of funds going into production, regarding the importance of developing jobs for artists, and the particular concern you have about Canadian content on pay-TV.

As far back as August of last year I indicated that the introduction of pay-TV was a matter of urgency. And several months later, in October, I said that "in my view, the prerequisites for Canadian pay-TV are as follows:

- " — Canadian pay-TV must contribute positively and significantly to broadcasting in Canada.
- Canadian pay-TV must include the use of Canadian resources.
- Canadian pay-TV must stimulate the Canadian program production industries.

"Pay-TV, properly introduced in this country, will contribute significantly to meeting the programming and content challenges which we face. A properly designed pay-TV system will provide a new and financially rewarding outlet for Canadian production. It will provide a direct injection of programming funding from consumers to supplement conventional investment from advertising revenues and government in this area."

I am aware that some of you have expressed concern about the CRTC (Canadian Radio-Television and Telecommunications Commission) position. In that context I am also pleased that the CRTC has left itself open, as is its usual procedure so that it is in a position to consider new ideas, participations, initiatives, concerns, views and contributions.

Sound recording

Perhaps next in financial importance to broadcasting is sound recording.

As many of you will remember, on February 5 of this year, at the Juno Awards, I announced that the Department of Communications would soon be undertaking a major study on the Canadian sound recording industry. Preparations for the study are nearing completion. It should focus on the Canadian-owned and -controlled sector, the two language markets in Canada, the influence of foreign control, and inter-

national influences on domestic performance.

It must be pointed out that the work undertaken in the last decade, or even in the past 15 years in the various spheres of culture represents the continuum from which our present actions proceed. Whether it is in the national grid of museum activities, in staunch upholding of the performing arts, or in the conservation work of libraries and archives, government support will continue.

The research and development capabilities of the world of culture, and the knowledge and information aspects of culture are other fields in which new sciences and techniques are bringing about even greater change....

The networking of library and archival materials through these new techniques can have immense significance for artists throughout the country. Imagine the inspiration and usefulness to an isolated creator in, say, Flin Flon (Manitoba), to be able to have at his disposal the masses of material available from the total, accumulated resources of all the libraries and reference facilities in Canada.

The eventual establishment of a Canadian bibliographic network, a library resource-sharing network and other similar facilitators, will do just that.

The number of international cultural exchanges is growing and the demand for cultural products from other countries will increase as the technological means for their distribution advances. Although this development can pose a threat to the development of culture in Canada, it also offers a challenge to us to increase Canadian cultural consumption and to promote the export of Canadian cultural products.

The distribution of Canada's culture abroad will be achieved not just by the traditional means of government support to, or sponsorship of, tours or displays of cultural products, but also by using more commercial methods.

My colleague, the Minister for External Affairs, has already commenced a broad inquiry into the international activities, needs and requirements of the performing and visual arts throughout the country, as they bear on the programs of his department. This inquiry is being conducted with the help and co-operation of the provincial cultural departments, the educational and training institutions and the arts community itself.

While the government is preparing to increase its cultural exposure abroad, it is also necessary to strengthen the national cultural institutions in the National Capital Region particularly with a view to improving the accommodations of the national collections....

The cultural institutions of Ottawa are in the forefront of our national institutions. The National Gallery, the National Museums, the National Arts Centre, and the rest, are our showcase.

They provide an opportunity to reach a significant number of Canadians — and

visitors — and to increase their awareness and appreciation of the capital as a national symbol as well as of Canada's cultural heritage. At present many of these institutions, the National Museums and the National Gallery most particularly, suffer from what could at best be described as inappropriate accommodations, which do not permit them to display their collections properly — or to protect them adequately.

There have been many comments made that the conditions prevailing in the National Gallery are, shall we say, inadequate. I do more than share this view. I am at present working hard to resolve this problem. And I can say that I am now optimistic about a solution.

Tonight, I have tried to draw up a kind of balance sheet of the past year, and to express to you my intention to be an aggressive and determined attorney on behalf of Canadian arts. But I do need your partnership and your support....



Statements and Speeches

No. 81/15

FOREIGN POLICY BEGINS IN NATIONAL INTERESTS AND ENDS IN INTERNATIONAL ACTION

Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the House of Commons, Ottawa, June 15, 1981

The Prime Minister, Mr. Trudeau, has dealt eloquently with the question of instability and poverty in the world; of the need for nations to find ways to improve the conditions of the nearly one billion people on this planet who live on the margin of human existence. At the same time, he has underlined Canada's growing interdependencies with the world.

All Canadians have a huge and growing stake in what happens outside our borders. There is hardly a community in Canada which is not in some way or in some manner affected by developments outside this country. The same could not be said only a few years ago. Our economy and that of the world are now firmly intertwined. Our destiny and that of the world have become inseparable as never before.

The quest for world stability and order takes on an added sense of urgency under the circumstances. It is no longer an abstract concept. We are not simply a fortunate and remote country surrounded by three oceans and occupying one end of an isolated Northern land mass. We are a country which is vitally dependent on the world. The ripples resulting from events elsewhere do not stop at our borders. They carry on past and have an impact on all parts of our country.

The world presents a mixture of constraints and opportunities for Canada, as it does for all countries. The realization of our national goals is enhanced or diminished by what happens outside our borders. Growing global interdependence alters the balance of these constraints and opportunities. How world problems are dealt with becomes of vital importance to a country like Canada whose links with and dependency on the rest of the world are great.

Foreign policy can be said to begin in national interests and to end in international action. It is the extension abroad of national policies, as the government stated in its *Foreign Policy for Canadians* in 1970. Even more, it is the expression in the world of our fundamental national values — values such as freedom, democracy, civil liberties, peace, justice and economic and social progress.

To be sure, we have to pursue our national objectives in an international perspective. National aims can no longer be realized in isolation but require international consensus and united action through the principal associations to which we belong — the United Nations and its agencies, the North Atlantic Treaty Organization (NATO), the North American Aerospace Defence Command (NORAD), the Commonwealth and la Francophonie.

This is not the occasion to address conflicts between the national interest and the international good, except to note that the ultimate safeguard is the intrinsic appeal of the common good of all mankind. But Canada has less reason than most countries to anticipate conflicts between its national aims and those of the international community. In fact, from the time of our full emergence as an independent state with the Second World War and well before our present economic interdependence with the rest of the world, internationalism has been a trademark of our foreign policy. I believe that almost all Canadians accept it as one of our foremost national values.

**Old themes are
still valid**

The foreign policy review of 1970 divided Canadian values, as applied to foreign policy, into six categories which could thus be treated as the main themes. The events of the 1970s required the review and adjustment of many of the policy directions within that over-all framework. But as a framework for our aspirations, I believe these themes remain valid.

In my view, these themes — fostering economic growth, safeguarding sovereignty and independence, working for peace and security, promoting social justice, enhancing the quality of life and ensuring a harmonious national environment — continue to reflect the aspirations of Canadians and indicate a continuity in Canada's foreign policy goals. The strategies required to realize these goals today are different from the strategies of the 1970s. The relative priority of the goals may also differ, but the goals themselves remain.

What sort of world were we facing at the outset of the 1970s when that review took place? It was a different world, a world which was, frankly, more hopeful. There was more confidence then about our economies. We believed that money and technology transfers could overcome a number of global problems and advance the development of developing countries. Social programs could easily be expanded both at home and abroad; the disfavoured people in our own societies and the disfavoured countries of the world could be helped simultaneously. The term "oil shock" would have brought a blank stare. We were entering a period of economic expansion on a global scale. The fruits of this expansion would allow progress to be made on a number of fronts. Meaningful disarmament initiatives appeared possible. The Soviet Union appeared to be moving towards greater co-operation with the West.

I do not have to go through a litany of things which altered our views during the 1970s. It is not necessary to describe the incredible global impact of two oil shocks and two recessions as well as other developments which diminished the early hopes of the 1970s.

However, much was accomplished internationally in the 1970s on which we can build in the 1980s. The 1970s saw a vast increase in international co-operation and the establishment of new frameworks to facilitate international transactions. Increases in trade and human contacts developed on a wider scale than ever before. There were attempts to develop crisis management mechanisms which could lessen threats to the international system in a wide variety of areas.

And the 1970s saw a greater degree of stability returned to relations between the

European states, particularly between the two Germanys. China joined the community of nations. The states of ASEAN (Association of Southeast Asian Nations) formed a new nucleus for mutual co-operation.

A significant foreign policy challenge for the global community and for Canada will be to use those positive elements of international co-operation which were built in the 1970s to which the Prime Minister referred. Canada cannot — nor can other responsible states — turn inward when faced with the difficulties of the 1980s. The 1970s would have been far more difficult internationally without the safety net of institutions and procedures which have been built up with such difficulty and in which we have invested so much. We cannot now turn away from these institutions and frameworks. We need them to a greater extent than ever before.

I should like to look ahead at the 1980s through the prism of the six principal Canadian values to which I have already referred. The 1980s will require more emphasis on some of these themes than on others in order to deal with new realities. All these values are important. Any one from time to time can require the highest priority from the government.

Foreign policy goals

The goal of Canadian foreign policy is to create a just and peaceful world in which all nations can achieve greater well-being and prosperity. In order to attain this goal, particular priority has to be given at the present time to promoting social justice and fostering economic growth.

There are two themes — working for peace and security and safeguarding sovereignty and independence — which are fundamental to everything else. There can be little hope for economic growth or social justice if one's security or sovereignty is threatened. Themes interlink.

Canada defends its sovereignty and independence through a variety of means — through boundary and territorial negotiations, for example — but working for peace and security represents the most important way for Canada to defend its sovereignty.

Canadian security policy in the past 30 years has been based on three foundations of peace: first, deterrence of war through collective defence represented by participation in NATO and NORAD; second, verifiable arms control and disarmament agreements; and third, mechanisms and arrangements for the peaceful settlement of disputes.

When it was clear that the collective arrangements for peace provided for under the United Nations Charter were not going to be allowed to work, it became imperative to make other security arrangements. Canada joined with others in creating the North Atlantic Alliance in 1949 and has since contributed to the collective deterrence and defence capacity of NATO.

Arms control

For the Canadian government, along with defence capacity, security also requires the search for arms control. If the armaments spiral is ever to be broken, verifiable arms control and disarmament agreements must be concluded. Arms control and disarmament is the pursuit of undiminished security at lower levels of armaments and

expenditure. The step-by-step approach takes time, beginning with the mutual perception of security which can lead to agreements to limit arms and to control their development and deployment. Once arms competition is contained, efforts can be focused on reductions, which would continue to reflect that same approximate security balance.

The prospects for concluding arms control and disarmament agreements continue to be limited. The postponement of consideration of ratification of SALT II (Strategic Arms Limitations Talks) by the U.S. Senate followed the Soviet invasion of Afghanistan in December 1979. The review of arms control and disarmament policies by the new U.S. administration should result in a new start in the SALT process. At the last NATO Foreign Ministers' Meeting in Rome, which I attended, the United States reaffirmed the intention of the previous administration to go forward with discussions on the limitation of theatre nuclear forces. Negotiations on a comprehensive test-ban treaty and on a ban on chemical weapons have continued to be protracted.

It is, indeed, in the process of peacemaking that real disarmament progress is likely to be registered. Many of the crisis spots in the world are not cast in ideological and imperial terms as is the current case between the East and the West. The vast majority of disputes, particularly in the Third World, are regional in scope and often reflect deep-seated and historical quarrels in relation to local and ill-defined issues. Canada has been active in seeking solutions to international conflicts.

"Suffocation" strategy

A major focus of Canada's recent arms-control activities was the Prime Minister's proposal at the first United Nations' Special Session Devoted to Disarmament in 1978 in the context of restraining the technological momentum behind the strategic nuclear arms race. The elements of the "strategy of suffocation" — a comprehensive test-ban treaty, a ban on the flight-testing of all new strategic delivery vehicles, a ban on production of fissionable material for nuclear-weapons purposes and an agreement to limit and then progressively to reduce military spending on new strategic nuclear-weapons systems — were not new to the arms-control discussions. What was new was the concept of their interaction in combination to prevent proliferation of nuclear weapons among heretofore non-nuclear weapons states or the nuclear-weapons states themselves.

Three years later the concept of the strategy of suffocation remains valid. The government takes every opportunity to reaffirm the importance it attaches to the continuation of the SALT process and to the realization of a verifiable comprehensive test-ban treaty. These priorities, together with assisting in the preparation of a conventional ban on chemical weapons and the promotion of the evolution of an effective non-proliferation régime, will guide Canadian preparations for the second United Nations' Special Session on Disarmament next year in which Canada intends to take an active part.

As the Prime Minister has indicated, in the 1980s we must look for new ways of dealing with tension and threats to peace through new forms of consultation and crisis management, including ways of dealing with regional crises. Peacekeeping has

been an important Canadian contribution to the search for international stability in the 1970s. We are hopeful that the wide range of multilateral machinery built in the 1970s will provide us with a good basis for developing these new ways of approaching security-related issues. It is particularly important to recall that the instability of our world, which we expect to deepen in the 1980s, is of a different, less predictable character, centred to some extent in the growing interdependence between industrialized and Third World nations.

The peace and security of Canada thus is becoming increasingly linked to regional tensions and crises. Regional crises are rarely contained in one particular region. There is a growing spill-over effect. There are wide-ranging repercussions that have a multi-dimensional impact far from their point of origin. A regional crisis of a military or a political nature in one region can have an economic impact on the other side of the globe; witness the economic impact of the Arab-Israeli war and the Iran-Iraq war on the West. On the other hand, the shock waves from an economic crisis in one region can trigger a military or political crisis elsewhere.

Unstable areas

Closer interdependence means that Canada cannot remain isolated from the crises which erupt elsewhere in the world. We are particularly concerned about certain unstable areas. The crisis which threatens the stability of the Asiatic subcontinent has got us greatly concerned. I have already mentioned the mounting East/West tensions and the Right Honourable Mr. Trudeau, the Prime Minister, dwelled on that subject. I am convinced that Canadians would find it unacceptable if their government were to maintain a policy of *détente* towards the U.S.S.R. while closing its eyes on Soviet activities in foreign lands. The invasion of Afghanistan had a very negative impact on the interests of the world community. The Russians' refusal to change their position on that question has seriously jeopardized the situation. For all practical purposes, the Soviet Union ignored world opinion as expressed in two resolutions which gained very wide support in the General Assembly. The peace and stability of that area and of the community of nations will be endangered for as long as Afghanistan has not regained its sovereignty, its independence and its status of a non-aligned nation.

The situation in Southern Africa enables us to entertain hopes and fear deceptions. Hopes because there seems to be a possibility that Zimbabwe might evolve towards a democratic and multiracial society, but deceptions as well because the policies of South Africa remain unchanged. Last fall at the United Nations I spoke of the permanent affront to humankind which the *apartheid* policy represents. The government feels it is despicable.

We also maintain that South Africa must loosen its grip on Namibia. The mere fact that the Namibian issue remains on the list of critical problems in foreign policy proves it. The intransigence of the South African government is the only obstacle to a negotiated settlement, one which would allow the Namibian people to gain independence through a free and fair election in which all Namibians could take part. Such an election under the supervision of the United Nations is the focal point of Resolution 435 of the United Nations' Security Council and Settlement Plan. Our support in this regard is unconditional. However, new elements may have to be added to Resolution 435 to win over all the parties involved to its provisions and the terms of

the UN plan. But I must point out that any addition must be in complete agreement with the basic principles of the resolution. In our view, there is therefore no question of amending the resolution, but rather of ensuring its implementation. The addition of new elements with the agreement of all parties involved should aim not at weakening it, but at giving it full effect.

I want to point out to our African friends that Canada has only one purpose in this matter, that is, independence for Namibia. We have nothing to gain and, indeed, much to lose as long as Namibia is occupied illegally by South Africa. We have indicated to the latter that only an international solution can be a lasting one and that only an international solution will bring stability and security to the region. The resolution of the Namibian issue is as much in the interest of South Africa as of the other parties involved. Canada will continue to work for a negotiated solution, but in the final analysis, South Africa will have to make the decision. It was not ready to proceed last January at the Geneva conference. I hope that on reflection it will agree to a direction and a plan which has the approval of the entire world community.

Middle East

The Middle East is an area of the Third World which is of vital and direct interest to the West as a whole. It is the focus of the convergent interests of North/South and East/West relationships. The economic development of a large part of the world is intimately linked to the Middle East and the issues of concern to this area should be given priority by all international organizations. This government's policy is, whenever possible, to facilitate understanding and promote dialogue. Tension in the Middle East is multidimensional and its most important aspect is the Arab-Israeli crisis for which a long-term solution has to be found. Israelis and Palestinians have legitimate rights and concerns which must be taken into account. Among other things there is the security of Israel and its right to be readily accepted by its neighbours. But the world must also recognize the rights of the Palestinians and these include their right to a homeland, within a clearly defined territory, and by that I mean the West Bank and the Gaza Strip.

There are other regions of the world where tension and instability prevail, like Central America, the Caribbean and Southeast Asia. Canada must recognize that development in those areas and elsewhere is getting even harder to control especially if East/West confrontations spill over into the Third World. We ask that Third World countries be sheltered from these rivalries and we support their legitimate desire to return to a true spirit of non-alignment. We also ask that the Soviet Union respect such non-alignment.

Canada/U.S. relations

I have mentioned the link between peace and security on the one hand, and sovereignty and independence on the other. But our relationship with the United States could be considered a special case of the exercise of the latter value. Indeed, this relationship is perhaps Canada's greatest foreign policy challenge. The reasons go beyond the sheer magnitude of the relationship, with \$90 billion in trade last year and its enormously complex network of personal and business links. The more profound reason why Canada/U.S. relations are so important has much to do with how we as Canadians want to shape our destiny.

In many ways, Canada and the U.S. are similar societies. We are both liberal demo-

cracies of the new world, lands of almost unlimited opportunity and personal freedom, whose people hold in common a range of cultural and ethical values. Yet in vital respects — and this is the crucial point for Canadians — we are very different nations with our own approaches to nation-building and some clearly distinguishable economic interests and social features.

For Canadians, the art of conducting relations with the United States is to co-operate in the development of what is in most ways a fruitful and mutually beneficial relationship while safeguarding Canada's paramount national interests. A vital, economically strong and unified Canada is in the economic and security interests of both countries.

This is the purpose of Canadian government measures to promote the Canadianization of the national economy, including the several steps in this direction which have already been taken, such as the establishment of Petro-Canada and most recently the framing of the National Energy Program.

An irony of the relationship is that the very similarities which exist between Canadians and Americans can make the inevitable problems which arise more difficult to resolve. There is a difficulty sometimes in the United States to grasp that different policy methods are used in Canada, despite the similarities which exist, because our respective experiences and structures are in some other ways different. In order to minimize the friction in the relationship, therefore, a premium must be placed on explaining policy approaches to one another as effectively as possible.

Some observers believe that at the moment Canada and the United States seem to be headed in different philosophical directions. I would rather suggest that in fact the two countries are developing national policies suitable to their own particular circumstances. In the case of Canada, we all believe this to be an entirely healthy and understandable phenomenon which can in no way affect the foundation of goodwill and common interest which form the bedrock of Canada/U.S. relations.

Inevitably, we will have to be prepared to face opposition from some American quarters on some issues. No independence worth having is completely costless. Broadly speaking, however, I am confident that Canada and the United States will continue both to co-operate on questions of primary interest to the two of us and to work together to support peace, security and human dignity abroad.

Pollution problem

One issue requiring co-operation between our two countries relates to a principal Canadian foreign policy theme, namely, working to ensure a harmonious natural environment. Since 1970 there have been important developments in this sphere, both positive and negative in character. Modern technological development has had environmental consequences of a magnitude and complexity which were unforeseen ten years ago. Today, phenomena scarcely recognized in 1970, such as acid rain, ozone depletion and the accumulation of carbon dioxide in the atmosphere, have become issues of both domestic and international concern. Hazardous waste disposal and the health effects of new chemicals have acquired increasing international significance. Traditional, although no less significant, concerns such as air and water

pollution, urban growth, deforestation, and soil degradation are becoming more internationalized; these phenomena do not recognize international boundaries.

On the positive side, both the Canadian government and the international community have recognized the seriousness of these issues and are planning various measures to deal with them. Progress at both the domestic and international levels has been encouraging. Two examples come to mind in which this country has been particularly active. Canada played a major role at the Stockholm Conference on the Human Environment in 1972 which established the United Nations' environment program. It also hosted an international conference on human settlement, Habitat, in Vancouver in 1976 which led to the creation of the United Nations' Commission on Human Settlements. There were a number of other successes, including the 1979 Convention on Long Range Transboundary Air Pollution.

Closer to home, the Canadian government has to work out environmental protection agreements with our neighbours. Negotiations are commencing this month with the United States for the formulation of an agreement on transboundary air pollution. A successful outcome is literally vital to Canadians. This is another issue on which the government will be vigilant in the Canadian interest.

Solutions to the problems we confront in the environmental sphere must be found although they are not easy to come by. Yet there is no question that Canada and other nations of the world have to focus now on the sort of planet we need to live in a decade or two or three away. We cannot ignore the active potential for ecological disaster that is building. We cannot, to coin a phrase, de-regulate our responsibilities.

It is significant that this House recognized those responsibilities when we recently voted unanimously to provide the authority, through amendments to the Clean Air Act, to meet our obligations to the United States *vis-à-vis* transboundary air pollution. We are hopeful the United States will take the same step.

External/internal link

As *Foreign Policy for Canadians* pointed out, there is a close link between environmental ills and the quality of life in Canada and abroad. This theme covers the promotion of a sane and livable social environment as well as that of the ecology. Terrorism is a contemporary phenomenon which only determined international co-operation will control. International drug trafficking is another area where the concentrated effort of all countries is necessary.

But Canada can also promote the quality of the lives of Canadians through expanding and enriching our cultural links abroad, through human contact in science and education, as well as in the arts, binding and reflecting the bilingual and multicultural character of Canadian society.

Canada's economic development is inextricably linked to the over-all international environment. External factors and how we deal with them will be of central importance to our economic growth. Every economic goal which we have in this country is subject to the influence of external factors. Whether we are talking about regional development in Canada, industrial adjustment, skill upgrading, finding

markets for our goods, all are influenced by what takes place outside our borders. Canada must pursue policies which defend, support and promote our domestic economic growth.

Canada is increasingly dependent on the world economic system. Canadian exports as a percentage of gross national product are greater than at any time in the past. We have a network of economic links with the world which are central to our economic well-being.

Trade

Canada is vitally dependent on an open and stable multilateral trade and payments system. We must work with our major trading partners and others to strengthen this system. The system at present is under considerable protectionist pressures from many directions. No member of the trading community can claim to be blemish-free in this regard. Who would have foreseen at the outset of the 1970s, for example, that in the 1980s there would be demands and pressures in the international trading system for restraints and adjustments forced on major industries which are too successful? This is an unfortunate sign of the times and a challenge facing the trading world.

A greater diversification of Canada's economic partnerships has been a principal cornerstone of Canadian foreign policy for a number of years. These efforts have been directed in particular at our industrialized partners, but the 1970s have seen the considerable economic growth of the so-called newly industrializing countries. These countries offer the possibilities for mutually rewarding economic partnerships for Canada in the 1980s. And they themselves are actively seeking such diversified trade relationships.

Emphasis on bilateral relations

For Canada, not a member of any trading bloc, it is necessary to build a global network of trading partners. As Canada does not have traditional relationships with many of these countries, efforts must be made to build long-term and stable relationships with them from the ground up. Stable and long-term relationships will be particularly necessary for Canada in a world which threatens increased instability. A strong policy of strengthening bilateral relationships with key countries is necessary.

The improved technique of concentrating our bilateral relations which I announced on behalf of the government in January is in effect an updating and extension of the third option policy of 1972 by projecting our economic links beyond our traditional trading partners — the United States, Europe and Japan — to the Third World.

To illustrate how important the Third World has already become to Canada in trade terms, the following figures will be of interest to the House. Canadian exports to the developing countries constituted 9.7 per cent of total domestic exports in 1979. This figure rose to 11.6 per cent in 1980. From 1979 to 1980, while the value of total Canadian exports increased by 16 per cent, the rate of increase to the developing countries was 37 per cent. Particularly dynamic markets are China, Algeria, Brazil, Mexico and Saudi Arabia. Our exports to Brazil in 1980 rose by 111 per cent; those to Mexico by 104 per cent.

Furthermore, for several years our manufactured exports to developing countries have been of greater value than our manufactured exports to Europe. The Third World now also is the recipient of roughly 25 per cent of Canadian investment abroad. At the same time the rate of growth of imports to Canada from developing countries between 1979 and 1980 is greater than the average rate for all countries. This statement is true even if the export figures for the oil-exporting OPEC (Organization of Petroleum Exporting Countries) countries are eliminated from the statistics.

Specifically, where in the Third World does Canada look for new partnerships of mutual benefit? The countries of the Pacific Rim, and more specifically those of ASEAN, offer many potentially new partners. The annual growth rate of the ASEAN economies of some 7 per cent over the last ten years has been twice that of North America and the European Economic Community (EEC) countries. The economic prospects of these countries remain particularly bright. There are growing links between Canada and ASEAN which, in particular, are stimulating the Pacific dimension of Canada's foreign policy.

Latin America offers another region of potential partnerships. Geopolitically, Canada has been screened from Latin America by the bulk of the United States. Our relationships with Latin American nations have tended to be one-dimensional, based largely on trade. We intend to broaden our relationships, in particular, with Mexico, Brazil and Venezuela, with an accent on a mutually beneficial relationship of the widest possible scope.

Canada has two regional relationships which are integrally linked to our interests in both the Commonwealth and la Francophonie. If I had more time, I would speak about both the Commonwealth Caribbean and Francophone West Africa.

Social justice

Canada's growing economic links with developing countries are not Canada's only interests in seeking the economic prosperity of the Third World. This would be a betrayal of how Canadians see our responsibilities towards the developing world. Promoting social justice is an important domestic objective of this government. It has a clear international dimension which finds its reflection in Canada's foreign policy. It is central to our approach to the North/South dialogue, to Canadian development assistance, to human rights issues and to humanitarian questions. It is a major theme of emphasis in Canada's foreign policy. The government is, indeed, pleased to endorse the broad thrust of the report of the Parliamentary Task Force on North/South Relations.

A few moments ago, I heard what I can only call the politically-motivated attack... on the Prime Minister's leadership on North/South issues over the years. I think the world would find such criticisms laughable. At Commonwealth meetings and in his Mansion House address, which is considered a classic throughout the world in the statement of the responsibilities of Northern countries, in the development and implementation of policies which are among the most favourable in the world to Third World countries, the world has recognized the leadership which the Prime Minister has brought to this field.

Because of time limitations, I shall leave the full range of my comments on North/South issues and the Breau Report for tomorrow's debate. At the moment I would note only that the theme of social justice in Canada's foreign policy is clearly apparent in questions touching the rights of the individual. The rights of the individual are at the basis of our political system. It is therefore essential that the promotion of human rights be part of the framework of Canadian foreign policy.

Approach to Third World

In general, our approach to the Third World is to insulate it as much as possible from East/West confrontations; in other words, to treat Third World countries on their own merits. Of course, when a developing country applies a foreign policy approach which actively aims at subverting the independence of other countries, our policy has been to terminate aid relations and to restrict economic relations to non-strategic commodities. However, for countries like Angola, our policy is to maintain open relations and to avoid punitive measures.

May I say in conclusion that I think it is important for Canadians to realize that foreign policy is not something secret or esoteric. It represents, internationally, what Canadians are and what they value. If fairly presented, it can be understood by all Canadians. I must say it is one of my personal goals to so open our foreign policy to the public as to make it generally understood. If the public can be persuaded to participate in the formation or carrying out of our foreign policy, so much the better. The businessman who fosters our commerce abroad and the aid administrator or field worker who spends part of his or her life helping the poor in developing countries are participating in our foreign policy, just as are the overworked and underpraised veterans of our foreign service.

Foreign policy is shaped by the value judgments of the government, based on the values generally shared by Canadians. In this way, Canadian foreign policy not only promotes democracy but also expresses the democracy that constitutes our national life.

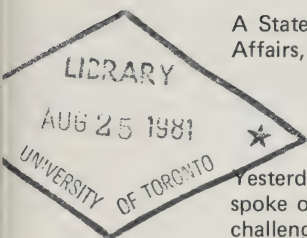


Statements and Speeches

No. 81/16

CANADA AND THIRD WORLD COUNTRIES

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, Ottawa, June 16, 1981



Yesterday in the government-initiated debate, the Prime Minister, Mr. Trudeau, spoke of the flash-points of crisis in international life against the backdrop of global challenges and difficulties. In my own contribution, I addressed specific foreign policy dilemmas that we face in the framework of Canadian foreign policy values. Today, on an NDP (New Democratic Party) motion, we are invited to continue the debate on Canada's international relations, with particular reference to South and Central America, and, by way of example, we are directed to consider the tragedy of El Salvador.

The countries of South and Central America all, without exception, belong to the Third World, and in a general debate on foreign affairs I believe it is incumbent upon me to advance some generalizations about our foreign policy towards the Third World as a whole.

Obviously, my response must admit both diversity and nuance. The quality of Canada's relations is not the same with small, remote islands as with large, developing countries. Neighbours have a different priority from those remote from us. We protect and cherish the special links of the Commonwealth and la Francophonie.

Even though the process of decolonization has been largely completed, many developing countries remain highly volatile. Government methods and social forms are often still in formation or are fragile. It is in the interest of democratic countries like Canada that Third World states develop freely-created institutions which correspond to the needs of their own societies and form the basis for stable government, while at the same time providing adequate protection of individual human rights.

Whatever attractions Communist ideologies may have had in the first blush of post-colonialism, they have been overtaken since then by the self-serving record of the U.S.S.R. in the developing world and the poor economic performances of most Eastern European countries. There has also been a diminution of the compulsive anti-Western sentiments which often characterized political views in the developing countries two decades ago. These trends have in fact all combined to create a more positive set of circumstances for co-operation between Third World and Western countries.

Principles

However, Canada's first principle towards the Third World is the promotion of genuine independence, non-alignment and stability. Putting it another way, I can say that we want to immunize the Third World from, rather than involve it in, East/West confrontation. As I said yesterday, our approach is to treat Third World countries on their own merits. Our goal is, in fact, a pluralistic world in which there

would be room for the Third World objectives of independence and self-determination.

Second, we do not believe forms of government or economic systems are matters to be imposed from outside. Obviously, we will seek to explain to Third World countries why we believe as deeply as we do in free and representative institutions; but their social, economic and cultural circumstances are totally different from ours. The example of the success of our societies will of itself be the most convincing argument we can present. But short of international consensus, as in the case of Iran, or the Soviet Union over Afghanistan, or Rhodesia, we will not impede trade flows to reflect our view of their choice. In extreme cases, trade-facilitation measures may be diminished, as was the case with a developed country, South Africa, in 1977. But we have not traditionally cut off aid relations, directed as they are towards improving the standard of living of people, when governments adopt positions we do not favour.

The third principle is that we expect that governments of all countries will be vigilant in the observance of their first and fundamental obligation — to their own people. Gross violations of human rights are and must be a source of concern and action on the part of the international community. However, when considering the appropriate response, I favour action which is effective and which stands a real chance of influencing the government in question. I oppose hollow gestures and the withdrawal of mechanisms which benefit Canadians, withdrawals which will not change the minds or the practices of the offending government. Especially in cases where the momentum for democracy and human rights of the foreign government is in a progressive rather than a retrogressive direction, we must try to use private counselling and positive reinforcement rather than strident public denunciations.

Fourth, we believe that it would be inappropriate for our foreign policy to reward adventurism and interference. Countries of the Third World face desperate and formidable challenges. It is for this reason that we have withdrawn aid programs from those countries whose scarce resources are diverted to war and conquest.

These four principles may set us apart from some other developed countries, but that does not mean we cannot work with them. We will examine, for example, the invitation of the United States and Mexico to work together to promote economic development in the Caribbean and the Central America region. For our part, this task is well in hand in the Commonwealth Caribbean, and we expect that our major emphasis will continue to be on these islands.

We may well not endorse all of the foreign policy imperatives of the American — or indeed of the Mexican — government, in promoting this initiative, but we can, I am confident, find common cause in the overriding need to develop the region and therefore find ways of reconciling our differing objectives. National motivations need not be identical for a common plan of action to be established.

For too long there has been a tendency to consider Latin America and the Caribbean as a single area, ignoring the fact that it is an area made up of 39 independent countries, dependent colonies and territories where the languages spoken are English, French, Spanish, Portuguese and Dutch, in which at least 20 have enjoyed political

independence for over 150 years and all of which were at one time colonies of the great European colonial empires. Almost the only common thing about them is their colonial heritage and the fact that in many of them Spanish is the common language.

But these countries are no more like each other than are Australia and Canada. Each has its own history, its own racial mixtures, its own social development and its own economic status and potential. We must, therefore, deal with them individually.

Some will be important to us as export markets; others as sources of needed imports. Some will be sources of immigrants; others the destination of Canadian tourists. Some will be important because of their role in international affairs; others because of their need for development assistance to which we can contribute. Some will have shared political values. All have cultural traditions to which we can relate and in which we can share for the mutual benefit of our societies and our peoples.

Canada and the North/South dialogue

Looked at in economic terms, these Latin states are all countries of the South. What is Canada's role in Latin America, or indeed in other parts of the world, in promoting the North/South dialogue? The government agrees with the Parliamentary Task Force on North/South Relations that Canada should base the development of Canadian policy on North/South issues on two major principles. First, the mutuality of interest of both North and South in solving global economic problems. Second, the humanitarian need to focus attention and resources on the world's poorest peoples and countries. These concepts will motivate Canada's aid programs and govern our efforts in the search for compromise.

Neither countries of the North nor those of the South constitute homogeneous groups. In spite of their diversity, the South countries draw their feeling of unity from the convictions they share and from a common perception of their position in the world. Among other things, they are convinced that the international economic system has been overly favourable to the rich countries, and that is why they are asking that the rules of the game be changed. They want the system to be more accommodating for them. The poorest among them entertain more limited ambitions: they only want to survive, to improve their lot to a certain extent, and to keep their societies intact, and that regardless of forces and situations over which they often have no control whatsoever.

We should not wonder if developing countries seek to use existing international institutions to achieve their aims. New industrialized countries, such as Brazil, are ever more active within the General Agreement on Tariffs and Trade (GATT). Canada itself contributed to set up postwar international institutions because it looked upon them as a means of reducing its own vulnerability and opening new avenues for international co-operation.

Priority sectors

Unfortunately, the poorest countries are the ones which will probably benefit the least from any change in the institutions or in the exchange and payment system which might result from the North/South negotiations. It is towards those poorest countries — Haiti, Honduras and Guyana — that Canada will continue to direct its bilateral aid. In fact, our bilateral public aid to development has always been con-

centrated on low-income developing nations. During the 1970s, that concentration accounted for an average of 75 per cent of our funds earmarked for public aid to development. Canada ranks first among industrialized nations in terms of percentage of aid to development which it gives to the poorest countries. The main objective of the Canadian program of co-operation and development is to support the efforts which the developing nations are themselves making to meet the needs of their own people. To that end, the bilateral program will be focused on three priority sectors: agriculture, energy, and human resources development. It is in those three sectors that Canada's resources are best suited to the needs of developing countries. We will be giving priority treatment to those sectors in the coming years.

As far as Canada is concerned, our commitment to development assistance is now well entrenched. Let me simply reiterate the government's policy to allocate to official development assistance 0.5 per cent of our gross national product by 1985 and to do our utmost to achieve the international target of 0.7 per cent by 1990.

As some members well know, I take particular interest in promoting consultations with non-governmental organizations (NGOs), church leaders and business representatives, and I have been impressed by their strong moral and intellectual commitment to the over-all Canadian effort in favour of Third World development. I would like to pay tribute to the impressive work that is carried out by NGOs and the church groups in Latin America, and I would like to repeat the strong commitment of this government to continue supporting financially the initiatives taken by private citizens in this country.

Refugee problem

I want just to mention a serious issue which is having an adverse impact on the economic and social development prospects of many developing countries. I refer to the international refugee situation, the dimensions of which are expanding at an alarming rate.

There are now some ten million refugees in different parts of the world and many more millions of internally displaced persons. The situation in Africa, which has witnessed a quintupling of its refugee population in the past few years, is of particular concern and led to the convening of the conference in Geneva in April, in which I participated, on the subject of international assistance to refugees in Africa. At that conference, Canada pledged, in this year alone, a \$22-million contribution towards the longer-term requirements of \$1 billion to assist in humanitarian relief, and local reinstallation and possibly eventual repatriation of the five million refugees in question.

There are also major unresolved refugee situations in Central Asia, in Southeast Asia and in Latin America. These situations, apart from the grave humanitarian problems for the refugees involved, impose economic, social and political burdens on the countries providing asylum which tend to undermine the stability of the countries and regions affected. It is for this reason that Canada, while contributing in a major way to the humanitarian relief effort, has led the international efforts at the United Nations' General Assembly, the UN High Commission for Refugees, the UN Commission on Human Rights, and within the economic summits to address the funda-

mental political and human rights problems which underlie most of the situations of massive exodus.

My department has further initiatives under consideration. I want to emphasize in particular my pleasure at the agreement of Prince Sadruddin Aga Khan to serve as special rapporteur of the Commission on Human Rights on the question of the relationship of massive exoduses and human rights abuses. This particular exercise is the result of a Canadian initiative, and during my visit to Geneva in April, I assured the Prince of Canada's strongest support for his sensitive mission.

I am pleased that my colleague, the Minister of Employment and Immigration, Mr. Axworthy, will be able to participate in this debate today, elaborating on his department's concern over the question of resettlement of refugees from the Latin American region.

I spoke yesterday of the over-all importance to Canada of its trading relationships and the growth of trade with the Third World. Latin America provides a dramatic illustration: in 1979, five of our top 25 trading partners were developing countries in the Western hemisphere.

In development assistance terms, in Central America, despite the absence of close political ties, Canada has recognized the pressing needs of the region and has been a leading aid donor, providing more than \$60 million in bilateral aid since 1972. In terms of concentration, Honduras and El Salvador, as the poorest of the area, have received the largest portion of the funding.

El Salvador

I should like finally to deal with that illustrative part of the motion which calls on the government "to initiate steps aimed at establishing a negotiated settlement of the tragic civil war in El Salvador".

Canada's links with El Salvador in terms of historic, linguistic, cultural, commercial and other ties, are limited in comparison to those of other countries in the world or, indeed, in the Western hemisphere. There are only 40 Canadians resident in that country and immigration has been about 100 per year. Canadian investments total less than \$10 million and exports in 1980 were only \$15 million. Our major involvement is in the aid field and even here all new planning has had to be halted because of the violence.

Although our direct links with El Salvador have historically not been great, this does not mean that Canada is not concerned at developments in El Salvador, in particular at the high level of violence and the continuing disregard for human rights which characterize the political scene. In dealing with these issues, our policy has been clear and consistent.

Canada's opposition to the supply of arms to competing forces in El Salvador was spelled out in my speech in the House of March 9. Canada's abhorrence of human rights violations has been and continues to be emphasized both in bilateral contacts and in multilateral forums. We also continue to believe that a political solution

should be sought for El Salvador.

President Duarte of El Salvador has called elections for a constituent assembly for 1982. He has invited all political parties to register for the elections, including extremist groups willing to lay down their arms. He has indicated a willingness to open a dialogue with the left on the election process and the monitoring of it. He has also made clear that he would not negotiate the formation of a non-elected coalition government and has said that he would not accept mediation offers by third parties, whether from regional states such as Venezuela and Mexico or from the Socialist International, which is committed to aiding the Democratic Revolutionary Front, the FDR.

The leader of the NDP has said that he shares the feeling of the FDR that the elections proposed by the junta would be a travesty of democracy in current circumstances, not a viable political solution to the conflict. This view is not shared by many of Canada's friends in the area, such as Venezuela and Costa Rica.

We agree that the obstacles to holding elections are formidable. After all, El Salvador has no tradition of democratic rule and is beset by violent armed opposition from extremists of both left and right, none of whom has any real interest in seeing the implantation of liberal democracy.

It should also be recognized that there are many within the power structure of El Salvador, particularly in the security forces, who are not happy with the prospect of elections. President Duarte has made great progress in obtaining their agreement to abide by the will of the population as expressed in the elections called for 1982 and 1983. There is no doubt, however, that if the President were forced into negotiating the formation of a non-elected coalition government or some other form of power-sharing as advocated by the FDR and the leader of the NDP, he could well be overthrown and the prospects for the institution of true democracy spoiled.

President Duarte's reluctance to be drawn into negotiations with the left are also understandable in the light of information contained in documents captured in April. The FDR has not denied the authenticity of these documents, which spell out the objectives of the left in negotiations as follows: first, to draw out the conflict, which is going badly for the revolutionary forces; second, to drive a wedge between the Christian Democratic Party of President Duarte and the armed forces; third, to enhance the image of the left as a peacemaker; and fourth, to seek to expose the Christian Democratic Party as a facade for a military-controlled government.

Fair elections feasible

However, Canada refuses to dismiss out of hand the feasibility of holding fair elections, as the leader of the NDP does. Elections were possible in Zimbabwe in similarly difficult circumstances. President Duarte is on public record as saying that the Organization of American States (OAS) would be welcome to monitor them. His words as quoted in the March 6 edition of *The New York Times* are:

"We are going to request from the Organization of American States not only to send us a protocol mission, but to send us contingents from all of the Americas to come

and inspect, and to really make these free elections."

As I said recently before the Standing Committee on External Affairs and National Defence, if requested, and if we believed we could be of assistance, we would certainly be prepared to consider participating in such a mission.

In our view, Duarte has earned the right to be given a chance to bring about a political solution in the most democratic of manners — through free elections. A founder of the Christian Democratic Party, he has fought all of his life for democracy. Together with the present leader of the FDR, Guillermo Ungo, he waged and won the 1972 election campaign in his country. This victory was blocked by the military and Duarte was jailed, beaten and tortured. Exiled to Venezuela, he was one of the leaders of the opposition movement whose efforts eventually led to the overthrow of President Romero in October 1979. He returned to his native land only 13 days after the revolution and was appointed to government in March 1980, becoming President in December, assuming the position he had rightfully won in 1972.

It is ironic that the FDR is pressing Duarte to negotiate with them, presumably to enter into a form of power-sharing in advance of the people's support in the election, all in the name of democracy.

It is my belief that many men and women of goodwill made a tragic miscalculation in late 1979 and early 1980. They thought that the same circumstances prevailed in El Salvador as had prevailed in Nicaragua before the overthrow of Somoza. They gambled that the armed leftist groups would win, ignoring the fact that the repressive regime of General Romero had already been overthrown. These men and women of essentially moderate persuasion, many of whom are represented in the FDR — people who, as the leader of the NDP said earlier, would be members of all political parties in Canada if they were here — are now stranded with their extremist bedfellows.

The FDR, if it is really interested in seeing democracy introduced into El Salvador and is not just a front for armed Marxist revolutionary groups, has a responsibility to join with the Duarte government to ensure that the elections scheduled to be held in a scant nine months are a success.

The leader of the NDP, Mr. Broadbent, has also, I believe, a responsibility in this regard. Most of his proposed courses of action are based on a negotiated settlement, which is the cause of the revolutionaries. By supporting the revolutionary forces in their desire to share power before the holding of elections, he could contribute to the prolongation of the suffering in that country and thereby impede the political solution which all members in this House support. To use his own words, he adds a "veneer of respectability" to the rebel position.

Finally, what is our responsibility as the government? It is not to attempt to arrogate to ourselves, from the outside, the right to resolve El Salvador's problems and, even more, the form of their resolution. It is rather to be modest enough to allow the people of El Salvador to decide their own future through the processes of the ballot box. That may not lead to political power for the socialist opposition in El Salvador,

to which the Socialist International and their distinguished investigator are committed, but regardless of the falling of political chips, I believe it is the right, and certainly it is the democratic, course.

El Salvador is a human tragedy. It is ours to express our fellow-feeling, to offer aid, to encourage a solution which corresponds to the wishes and needs of the people and to rebuke perpetrators of acts of criminal terrorism. It is not ours to assume the principal role in solving the crisis. That way would lie another tragedy, our own. Third World governments are not prepared to admit without qualification that their tragedies are ours. Modesty, patience and a sense of our own limitations are sometimes the most difficult virtues to practise, but I commend them to the leader of the NDP and to my colleagues. Genuine independence for the Third World has to mean independence even from us. Our own independence is too precious for us to do violence to that of others. This is the course of action we intend to continue to urge upon all governments.



Statements and Speeches

No. 81/17

THE COMPELLING NEED FOR PROGRESS IN NORTH/SOUTH RELATIONS

A Speech by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the House of Commons, Ottawa, June 15, 1981

It is obvious to all of us that our world has become unpredictable and unstable. We would also agree that it has become more dangerous. Mankind is living in a state of more or less extended crises. Violence and disorder have become banal. Injustice no longer causes indignation.

This global instability has many causes. There are many more countries in the world community than there used to be, and each is vigorously asserting its own particular needs and ambitions. Economic problems and international disputes have increased in both number and severity. While the super-powers have grown stronger, they often seem to have lost control over events. We have seen international law and economic systems break down more frequently, causing people to believe that things are out of control. There is a generalized condition of crisis expectation.

We usually think of crisis as a sudden shock, as a surprise, a burst of violence, an invasion. Obviously, the world needs to prevent such incidents when prevention is possible, and to contain them when they occur.

It must be understood, however, that such incidents usually result from pent-up tension. They are the flash-point of deep-seated problems. If the world hopes to prevent such shocks, we have to deal with the basic conditions which cause them. The only effective way to manage a crisis is to go to its roots.

Unfortunately, a succession of jarring events can so monopolize the attention and energy of governments that they neglect to deal with the persistent, underlying problems in world affairs, thus guaranteeing more shocks in the future. Effective management of crises means getting at the basic causes of the conditions we deplore, and really changing them. The challenge is extremely complex and difficult, but not hopeless. If we can muster the will to do the job, it can be done.

The necessary strength of will and sense of common purpose which is required of the industrialized democracies will not likely be forged out of any perception of immediate physical danger to ourselves, posed by the anger and frustration of the suffering peoples of the world.

The starving refugee lying in the hot dust of the Sahel can scarcely summon the strength to help himself, let alone strike out at us. If his children survive they will remember us, and with fury in their hearts, you can be sure. But that is a threat for another time. It does not frighten us into action today.

If the more powerful countries are to summon the will to respond in a more effective

Value of freedom

way, and with greater unity, to the problems of a chaotic world, it will be because of two things: first, a decision to give practical application to the human values which we in the West say we hold in common; and second, a better understanding of the less noble-sounding but no less compelling imperative of our own self-interest.

What are these values that we hold in common? Surely the most basic is freedom, the freedom of individuals and of nations, the political freedom which distinguishes East from West, the freedom of the market system upon which our economies are based. The freedom of which I speak is not an abstract concept divorced from our daily lives, or reserved for patriotic speeches on national holidays; it is the very foundation and life-giving spirit of the societies which we have built in the various countries of the West.

Within our own borders we have long realized that there can be no freedom for some without freedom for all. An assault against the basic rights of my neighbour inevitably places in jeopardy my own rights, my own security and freedom. We have little trouble accepting the truth and the implications of that statement within our own borders.

We have more trouble in giving a modern answer to the very old question: Who is my neighbour? Is she the woman rummaging for food in the back streets of an Asian shanty town? Is he the man in South America in prison for leading a trade union? The people dying in Africa for lack of medical care, or clean water, are they my neighbours? What about those who are dying in the spirit in the villages of India for lack of a job, or an education, or hope? Are my neighbours the children running from the sound of gunfire in the streets of Beirut?

If we, the peoples of the North, say yes, then we will act; we will act together to keep hope alive. If we say no, then they are doomed and so are we.

The urgency of those problems constitutes one of the major reasons why this government has been eager, as has the New Democratic Party, in arranging time for this important debate on Canada's foreign policy.

I began by saying that we live in an unstable world where we no longer enjoy the comfort of being able to predict future events with a fair degree of certainty. Though political and economic instability may be most visible in the Third World, we must remember that all the great problems of the world are interrelated: the problems of East/West and North/South relations, of energy, nuclear proliferation, the Atlantic alliance, the law of the sea, the environment, refugees and sporadic outbursts of violence — and that all of these form a complex of cause and effect.

The management of change

There will continue to be shocks and confrontation between cultures and technology, between rich and poor, between generations, even between neighbours, as the world community attempts to live more successfully with the one predictable factor on our planet, the inevitability of constant and rapid change. That is the theme of my remarks today: the management of change, the management of the crises which change can represent.

These are troubled times for the world. Economically, the Eighties and Nineties will not have much in common with the Fifties and Sixties, when we became convinced that rapid growth was as certain as the sunrise. Now, after having been psychologically conditioned to expect constant expansion, countries have to learn to manage the experience of economic compression.

**Ottawa summit
meeting**

That is another example of the instability which we must learn to manage. It will surely be one of the major preoccupations of the summit meeting here in Canada next month. In that perspective, the Ottawa summit could be more crucially important than any of its predecessors.

The impact of a summit on world problems is not immediate, largely because it is not meant to be a policy-making occasion. Its great value is that it permits the leaders of the principal industrialized democracies to share their analyses of problems, to strengthen their sense of common purpose, to assess where they can come closer together or move forward together.

Originally, the subject matter, as we know, was limited to economic issues. More recent summits have turned also to international political issues. The Ottawa summit will undoubtedly continue this trend, if only because of the preoccupations of the leaders themselves. Our meeting will derive added importance from the fact that most of the participants will be gathering together for the first time.

The international press will probably place a lot of emphasis on the ideological differences of leaders who stand on the right, or the left, or in the centre. It is true that the electorates of various countries have been sending very different signals to their respective governments. But I do not expect that we will be overly preoccupied at the summit by our differences; I think that we will be trying to chart a common course, whether on North/South questions, on approaches to East/West relations, or on international trade, for example. We shall be trying to identify the broad areas where our countries can proceed together towards shared goals, transcending the differences among our national policies.

All of the summit participants know that the world looks to them for leadership. From the Third World, the look will be skeptical. But I believe leadership is emerging, and that it will be sensitive to the priorities of our times. The test of the summit, therefore, should not be whether we come out of the meeting with specific decisions. The true test will be whether all summit participants believe that we are defining together the best approaches to the great issues of the day, based on the objectives and values which we share in common.

This summit will not only be one of the most difficult ever held, but will also be intentionally different. It is designed to be relatively unstructured, so as to give leaders the maximum opportunity to discuss the broad themes of crisis and opportunity, and how both can be effectively managed.

At Venice last year we agreed that we had to get back to these basic issues of international life, so as to strengthen our sense of common purpose. We are

attempting, therefore, to free ourselves from a set agenda this year. It is for the same reason that the meetings are being held in the relative seclusion of Montebello.

Economic instability

The most fundamental problems we are up against at the international level are tied up with the instability of our economic and political environment. And the management of the various economies of the industrialized world is not the least of those problems.

Right now, the western industrialized nations must cope with slow rates of growth, high levels of unemployment and rampant inflation. On top of that, due to the variation in the exchange markets, in recent weeks the European currencies suffered unprecedented devaluations as compared with the American dollar.

That devaluation of European currencies, coupled with the over-all increase in interest rates, adversely affects the economic growth of several countries which will take part in the summit. It is now feared that the expected economic upturn may be delayed at least until early 1982.

Certain participants in the summit, including Canada, are worried about the negative international spin-offs of the American domestic policy and about its consequences on interest rates for instance. The role of the summit is to ensure that the various national policies aimed at common objectives are not incompatible and counter-productive. Any action by a country must be undertaken while keeping in mind its impact on other nations. That implies first an awareness of the economic and political situation of the partners and then a decision to co-ordinate the efforts so as to minimize the conflicts and the negative spin-offs.

East/West relations

Another source of great instability is the state of East/West relations. Here there is no denying some basic facts. The Soviet Union has invaded Afghanistan, implicitly threatening all the countries of Western Asia and ignoring the call of the Third World to get out. In addition, there is no denying that the Soviet Union has both expanded its military presence in the oceans of the world and increased dramatically the weaponry which is arrayed against the West.

These challenges constitute another more traditional form of crisis to be managed. Western countries must develop the means to take a united stand, so that in the event of a direct threat, there will be a swift and concerted response, in the defence of our own interest and the interests of those countries which look to us for strength and support.

Personally, I believe that the good sense of Soviet leaders will prevail. I believe they will not feel themselves so threatened by events that they have to respond to the challenge of change by the force of arms. We all watch the crisis in Poland. The Soviet Union should know that recourse to arms is a losing game, for them and for all the world.

That being said, unfortunately we must act in the full knowledge that we are living in a dangerous world. Our security and that of the western alliance must rest on reality

and be credible in our own eyes and in those of others. Experience over the past five years has shown the fragility of the *détente* as a basis for East/West relations. But I believe that the events in the coming months and years will determine what will be the next phase of the East/West relations. I think that all the countries involved recognize that we all have a stake in stabilizing those relations, particularly the southern nations which ought to be kept clear of the tensions between the eastern and the western worlds. But the U.S.S.R. is a super-power which claims the right to be heard on the same terms as its rival on the problems which affect any region of the world. The Russians claim that right for reasons of national interest but also, obviously, for reasons of an ideological nature. Consequently there is a potential element of rivalry among the super-powers in every troubled area of the developing nations.

One of the shortcomings of *détente* is, paradoxically, that it was conceived in a relatively balanced and stable European context. Even though this concept was firmly implanted in Europe, its value had never been fully tested outside the continent. Now it has become obvious that this concept is even harder to implement outside Europe. More serious still, the tensions arising from the failure of *détente* in Third World countries have had an impact on the main scene of the action between East and West, namely Europe. It has become clear that East/West relations cannot follow certain rules in some areas of the world and totally different rules elsewhere.

Is there no way out? There are some conditions more conducive to improved East/West relations that come to mind. The role of super-powers cannot be denied, but it must not be exclusive. To survive, *détente* must be recognized as indivisible, yet it is a fact that it is interpreted differently in the western and in the eastern allied countries, as well as the developing and non-aligned countries, which, of course, has been a constant source of misunderstanding. The policy to be followed is to refuse to involve developing countries in the military rivalry between East and West, as this would only aggravate tensions in this no-win situation in which neither North nor South would win.

It is in the best interests of the Third World that developing countries not become involved in the competition between East and West. That is exactly what Tito and Nehru were trying to achieve through non-alignment, and we can only hope that the movement of non-aligned countries will return to its basic philosophy. Western countries must re-examine their relations with the U.S.S.R. in order to promote stability throughout the world. A strong military alliance is essential to the achievement of this goal.

**Basic
compatibility
of interests**

We must also recognize that a good *sine qua non* condition of stability would be a basic agreement between the super-powers. In this respect, the super-powers must reactivate the best arrangements between the United States and the U.S.S.R. of the early '70s, when the "red phones" were installed and when the world could rely on a basic compatibility of interests between the two countries.

We will also witness an increased number of crises which, should the worst come to the worst, could degenerate into an all-out confrontation between the super-powers.

Moreover it seems, that a large proportion of these crises will arise in the undeveloped areas of the world, where the West has provided no set of arrangements to protect its own interests such as those between North America and Japan or Western Europe. We would be well advised, therefore, to ascertain what are the means at our disposal to meet crises everywhere and especially in Third World countries, where the interest of the western world would be at stake.

As far as Europe, the principal theatre of confrontation between East and West, is concerned, we are in a position today to reply to this question with more confidence than we were a year ago. This is not due so much to a lack of tension in Europe, but rather to the fact that at least the political consultation process with the NATO (North Atlantic Treaty Organization) allies has greatly improved to meet the challenges of the future. The willingness of the allies to develop a concerted strategy to deal with East/West relations in Europe has increased. The policy of reinforcing NATO defence preparedness, while proposing again to the Soviet Union to negotiate the arms-limitation agreements, is supported by the whole Organization, as confirmed by a recent meeting of NATO ministers. Thus, NATO remains an indispensable instrument to the maintenance of cohesion and strength which ensure stability and balance in Europe, which is clearly in the interest of the West. And the Soviet Union, in spite of its open criticism of the Organization, would undoubtedly concede that stability and balance in Europe rank among its higher priorities.

It is more difficult to feel confident about emergency arrangements made for situations that arise outside Europe. Neither East nor West are on their own territory there. The rules of the game have not been established. While a few firm lines have been drawn, such as in the Gulf area, the situation remains ambiguous, and this ambiguity can be dangerous. Western leaders must continue to ask themselves what is the best way to protect western interests in these areas while respecting the sovereignty of the countries involved. East and West must try to redefine a mutually acceptable code of behaviour for international relationships, but before this can be done, an answer must be found to the crisis in Afghanistan, whose invasion goes against everything that the western world as well as the Third World considers acceptable.

Arms limitation

The Ottawa summit should provide the opportunity for western leaders to bring into line their general views on this matter. This is undeniably a concern which should come foremost on the agenda of any meeting on international affairs. The prospect of a new arms race when billions of people are starving to death is truly shocking. If we decided to use for peaceful purposes the amounts we spend in two weeks for military purposes, we could provide drinking water and basic health care to the population of the entire world. However, people feel the need for even more protection, and an increase in our military spending to offset the increased amounts allocated to armaments by the U.S.S.R. seems inevitable for the moment. It is up to the western world to find an answer to this serious problem, if possible in consultation with the Soviet Union.

Moreover, SALT (Strategic Arms-Limitation Talks) negotiations should resume as soon as both parties have enough confidence in each other to conduct such talks

effectively, and I must say that the sooner, the better. Putting an end to the nuclear arms race involves tremendous difficulties. However, the government of Canada still believes that as discouraging as these difficulties might be and as small as any immediate chance of progress might seem, the super-powers must be urged to reflect with all due gravity on the consequences of a resumption of nuclear escalation. The government still firmly believes that the nuclear arms race must be stopped and reversed, and that a new balance must be sought to increasingly lower arms levels. The stifling strategy which I suggested at the first special session of the UN on disarmament in 1978 remains valid in this regard. Nothing has occurred in the meantime to weaken my convictions on this point.

The Canadian nuclear safety policy, revised in 1974 and 1976, sets high standards. However, we apply it pragmatically in a spirit of respect for the sovereignty and sensibilities of our partners in the nuclear field. We shall continue to refine this policy so as to develop an effective national system of non-proliferation and guarantee as much as possible that Canadian nuclear exports do not contribute to nuclear proliferation.

North/South tensions

I have spoken about the global macro-economic situation, which affects all our lives, and about the decline in the state of East/West relations, which also affects us all. Less understood is the potential impact of North/South tensions on Canada and other industrialized countries and the need to give priority to the management of that latent crisis.

The first step should be to understand what we mean when we refer to the North and to the South. One can legitimately question whether there is a distinct North and a distinct South in every sense. Within the Third World there are as many differences as in the world itself. From the outset it needs to be emphasized that the South is not a homogeneous group of countries. It contains countries with the highest *per capita* income in the world and those with the lowest, countries with the fastest growth and those suffering negative growth, countries with the world's biggest financial surpluses and those with the greatest deficits, countries with abundant natural resources and those with none and countries with sophisticated, modern industrial economies and those with rudimentary, tribal, agricultural societies.

Yet the South is not a myth. It is a group of countries, most of them former colonies, held together by a shared perception of their status in relation to the rest of the world. In their view, solidarity among themselves is the way to exert countervailing power against the weight of the industrial North. Their vision of a new international economic order proceeds from their common view that the old rules have not permitted equal opportunity or an equitable sharing of the fruits of effort.

They are right. Justice is on their side. But even if we were not moved by justice, common sense and self-interest should tell us that if we want growing markets for our products, an orderly global economy and peace in the world, we should support reform. We should enhance the growth of opportunities of the South, selecting the best bilateral and multilateral techniques to do the job. That effort should include a process of global negotiations.

The picture today is not one of unrelenting gloom. Since the Second World War living standards in many Third World countries have improved dramatically. New economic power centres are emerging. The newly industrialized countries must find the markets and the means to permit them to develop.

Some countries of the South are growing stronger every day. Let us help them grow. But there are other countries, the poorest of the poor, which are struggling just to survive. Their situation will be critical for as far ahead as the eye can see. Eight hundred million people live on the margin of human existence. They live with overwhelming deprivation, with despair and in a state of perpetual crisis. The management of this crisis is a test of both the humanity and the credibility of governments in both North and South.

The best tool with which to help the poorest is outright aid. We have to assist them to develop the potential to feed themselves and provide for other fundamental needs like health and shelter. It is a ghastly cynicism which pretends that international co-operation cannot bring these lives closer to minimum standards of human dignity.

The overwhelming fact which governments must face is that international aid efforts are inadequate. The gap between rich and poor is not closing but opening wider, in spite of everything that has been done.

The Canadian aid record can be improved and is being improved. My government is committed to that. But I do point out that we have made a lot of progress since the Sixties. Our efforts have done a lot of good, and we have won ourselves solid friends in the world. In Canada and throughout the developed world there is a need for even greater public involvement — not just through round table discussions among the knowledgeable and already involved, but in communities and schools — so that growing public support will encourage governments to do more and to do it better.

I firmly believe that the world can and must grow enough food, provide clean water, decent housing, health care and real hope for all its people. It can be done, but it will require a gigantic effort. That is the message of the Brandt commission, reflected eloquently in the report of our parliamentary task force on North/South relations... Its message is one which the government can endorse and support.

I believe that despite bleak political prospects for greatly increased aid flows from the recession-prone North, reason will prevail and a major assault on world poverty can still be launched in earnest.

Trade, not aid

The need to assist the poorest is one emphasis of Canada's efforts in international co-operation. But the primary need of those countries with growing export potential is, as the slogan says, "trade, not aid". These are the countries which are arguing that the world's economic structures work inherently to their perpetual disadvantage. The process which is required to redress their grievances involves the sharing of power, not power in the classical sense of armies and empires but in the sense of access to the means of development. Gaining that kind of power means gaining access to the international institutions where the decision-making process should take greater

account of developing countries' specific difficulties: access to international capital markets, greater security in commodity prices and access to technological skills and to markets for manufactured products.

Other specific and urgent needs will require the concentrated attention of governments as well. Energy and agriculture are priorities because of the severity of the impact of energy costs on oil-importing developing countries and because of the danger of food production not being able to keep up with population growth.

I do not expect a sudden breakthrough toward solutions in the series of important international meetings scheduled for the coming months, but I do expect a better political focus on the major priorities. I do not expect that the world's sense of crisis will be entirely eased by whatever collective response we make to the problems of development; but I do think that the basic economic causes of instability in the Third World can be successfully attacked through a co-operative international management effort.

I have spoken of Canada's role and purposes in world affairs. I have spoken particularly of the compelling need for progress in North/South relations. I have placed the issues involved in the context of the need for the international community to mobilize itself to manage crises more effectively. The summit meeting in Ottawa in July will have a particular importance in determining our collective ability to deal with the problems I have described.

**Stronger ties
needed with
certain countries**

Those are the issues that I wanted to discuss in the consultations I have undertaken in the last several months with the leaders of some key developing countries. I considered it important that the views of major nations such as Brazil, Mexico, Saudi Arabia, Algeria, Nigeria and others I have visited, be taken into account by the summit leaders. I am very conscious of the Canadian role and interest in these matters. Canada alone cannot come up with viable solutions. But we can contribute to them. Moreover, we need to strengthen relationships with a variety of countries whose interests in economic development correspond to our own. These include the countries I have visited.

For Canadians, the state of the world is of deep importance, and not least because a healthy international environment is vital to Canadian economic growth. We need stronger economic links not only with developing countries but also with our summit partners. Fundamentally, it is these economic partnerships which will stimulate the pace of development, both here and abroad.

I have not covered all aspects of our foreign policy. Many other vital Canadian concerns will be addressed by my colleague, the Secretary of State for External Affairs (Mr. MacGuigan), later in this debate and by other members sitting on this side of the chamber. I have sought to focus the attention of the House on those areas of crisis and of opportunity where the most basic interests of our people, as human beings and as Canadians, are at stake. I have done so with confidence that Canada will rise to the challenge of our times, and in so doing will contribute to justice, stability and peace in this still wonderful world.



Statements and Speeches

No. 81/18

A STEP TOWARDS SOLUTION OF THE KAMPUCHEAN PROBLEM

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the United Nations International Conference on Kampuchea, New York, July 13, 1981

During the past two years, the international community has found it necessary on a number of occasions to focus its attention on the tragic situation in Kampuchea. Ten years of war, deprivation, genocide and extraordinary abuse of human rights, famine and foreign invasion and occupation have changed a once peaceful land into a country beset by hostilities, a country which has had to depend on massive supplies of international humanitarian relief and whose government is totally subservient to foreign control.

It is unfortunate that the situation in Kampuchea continues to be such that we must come together again. Unlike previous meetings, however, which were concerned primarily with humanitarian relief for the Kampuchean people, this conference is attempting to come to grips with the basic causes of the problems in Kampuchea. We have previously treated the symptoms manifested through refugee outflows, starvation and deprivation. It is now time to treat the underlying problem itself. Within this framework, I am pleased to address the representatives of more than 60 countries and parties concerned with the situation in Kampuchea. I also wish to express my appreciation to the Secretary-General for having convened this conference in accordance with General Assembly Resolution 35/6 of last fall. Canada co-sponsored that resolution and has strongly supported the convening of this conference in the intervening months.

I regret that the political situation in Kampuchea is no different now from the situation in October 1980 when United Nations General Assembly (UNGA) Resolution 35/6 was passed and, indeed, has not changed since January 1979 when the forces of the Socialist Republic of Vietnam invaded and occupied Kampuchea. In fact, actions have been taken to try to legitimize the present régime in Phnom Penh, actions which Canada does not recognize.

During the past three years, Canada has spoken out emphatically and forcefully before the United Nations General Assembly and the United Nations Commission on Human Rights and in other international fora regarding the misfortunes which have befallen Kampuchea and the Kampuchean people. The vast majority of the international community has shared this view and has supported resolutions at UNGA 34 and 35 which provided the groundwork for a return to peace and stability in Kampuchea and throughout Southeast Asia. This overwhelming desire by the international community to achieve peace and stability in Kampuchea and Southeast Asia is the result of a deeply shared belief in the principle enunciated in the United Nations Charter with respect to the national independence, sovereignty and territorial integrity of all states and the principle enunciated in the International Charter of Human

Principles
abused

Rights regarding the right to self-determination of sovereign states. These principles have been wantonly abused in Kampuchea, where over 200,000 foreign occupation troops uphold a régime of their own creation. The international community cannot accept this total disregard of these principles; principles which I note have been often espoused in the past by the offending party in this case. Canada believes that those nations not represented here today still share these universal principles, and Canada urges these countries to honour these principles in practice as well as theory in the interests of global peace and security. I use the word "global" advisedly: we know only too well that what happens in Indochina reverberates tragically throughout the region, and echoes around the world.

**Need of basis
for free
Kampuchea**

It is less important why Vietnam invaded Kampuchea and why it continues to occupy that country than that there should be a rectification of the violations of international law which have occurred there. Canada, for one, is not much interested in loud and emotional recriminations against Vietnam for its actions in Kampuchea. We wish only to see created the conditions necessary to establish a government in Kampuchea which, in the best and most practical way, reflects the political will of the broadest number of Kampuchean people. Canada believes that this view is shared by the countries gathered here. We have come here not to denounce Vietnam but to establish the basis for a free and independent Kampuchea.

How long must the Kampuchean people suffer? Indeed, how long must the Vietnamese people suffer while the government of that country continues to expend its resources on military pursuits? The Khmer nation has recovered from the brink of annihilation and the atrocities of the Pol Pot régime in the past two years. This has been due to the outstanding assistance of the United Nations' agencies, the International Red Cross and many non-governmental agencies. The generous and humanitarian response of countries of first asylum in Southeast Asia to refugees from Indochina is especially noteworthy.

A return to the genocidal policies of Pol Pot can never — must never — happen. I know that there is universal agreement to this conclusion. However, the great humanitarian achievement in Kampuchea will mean nothing if Kampuchea remains in conflict and if the Kampuchean people are not allowed to develop their country free from outside interference. War is the principal enemy of development, and it exacts, in the short term and in the long term, terrible costs from everyone.

**Is the suffering
necessary?**

Canada has been involved in efforts to achieve stability, development and progress in Southeast Asia for many years. We have seen the costs which war has inflicted upon the Indochinese states, and the benefits which peace has brought to other countries of the region. In this respect the urgent question uppermost in our minds must be: "Is the suffering necessary?" We insist that political ends, born of unnecessary fear and mistrust can never justify perpetual human suffering and the denial of fundamental human rights.

We have had presented to us proposals for a solution to the Kampuchean problem which includes, among other things, proposals for a cease-fire agreement among the conflicting parties, the creation of the United Nations' peacekeeping force for Kam-

puchea, the supervised withdrawal of foreign troops from Kampuchea, and the holding of United Nations-supervised free elections. Canada believes that these are sound proposals which could offer the necessary guarantees for the parties involved. They are proposals which deserve our serious consideration and Canada is prepared to give serious consideration to them. We do not see them as necessarily final, and subsequent discussion may reveal a need for their amendment or adjustment. The essential point is that they represent a beginning, a first step in the right direction and the elements of a foundation on which we may build.

On this foundation, we can continue to work towards a solution to the Kampuchean problem that will make possible at last a durable peace in Southeast Asia. An independent, viable and prosperous Kampuchea is our objective, a Kampuchea living in harmony with prosperous, peaceful and independent neighbours.





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No. 81/19



THE SIGNIFICANCE OF VERIFICATION IN THE ARMS CONTROL AND DISARMAMENT PROCESS

Speech by Mr. D.S. McPhail, Permanent Representative and Ambassador to the Conference of the Committee on Disarmament, Geneva, June 11, 1981

At the beginning of the 1981 session, I indicated my intention to speak on the subject of verification and its significance to the arms-control process, particularly as it relates to this Committee [on Disarmament].

It is appropriate to do so today because it is almost one year since the compendium of arms-control verification proposals (CD/99) was tabled. The compendium was followed by a second paper (CD/127) which served to quantify some of the research upon which the compendium was based. Today, I have the honour to submit to this Committee the third and final working paper which deals with the subject in a generic fashion. It is entitled *A conceptual working paper on arms-control verification*.

More importantly, however, it is appropriate to consider verification as this Committee resumes its work because if priorities are oriented properly, 1981 could prove to be one of the most productive sessions in many years. Leading up to the United Nations General Assembly's second special session on disarmament, this Committee's negotiations could prove influential by achieving progress in areas where the verification aspects of the problem have taken on a particular significance. There are two areas where positive action could be taken.

Chemical weapons

In the Working Group on Chemical Weapons, there is an opportunity to explore verification at the top end of the spectrum. By that I mean that chemical weapons, which exist in great numbers and therefore constitute a real and present threat, must of consequence be subject to a high level of verification in such areas as non-production, facility dismantling and weapons destruction. The Canadian working paper on verification and control requirements tabled on March 26, 1981 (CD/167) provides an overview of the problem. While we are aware that there have been fears expressed concerning intrusiveness and the possibility of compromising civilian industrial secrets, our appreciation is that such inspections are possible without detriment to legitimate commercial sensitivities. This is the conclusion pointed to by the 1979 workshop conducted by the Federal Republic of Germany (in terms of non-production) and of the subsequent British workshop (from the standpoint of dismantling and destruction of facilities). Results were presented in documents CD/37 and CD/15 respectively. Working papers documenting the Canadian experience in destruction of existing agents support this line of reasoning as well.

This Committee has not really come to grips with the verification issue *vis-à-vis* chemical weapons. I suggest, therefore, that during the second period of concentration of the chemical weapons working group, this aspect be explored. Such work

would constitute a positive and realistic contribution in support of the bilateral negotiations.

Comprehensive test ban

While this Committee has not been involved in direct negotiations concerning a possible comprehensive test ban (CTB), many members, myself included, have registered our interest and concern. Progress towards a CTB agreement has been considered by all to be painfully slow, but we have recognized at the same time the complexity of the technical issues involved, particularly those relating to verification. The Norwegian representative underscored this fact for all of us, I think, when he pointed out on March 10, 1981 (CD/PV.113) that "an adequate verification system is a necessary component in a total test-ban régime, both in order to ensure compliance and to build confidence". In highlighting his own country's contribution through "NORSAR" in the area of seismic verification, he acknowledged the important progress achieved by the *Ad Hoc* Group of Scientific Experts to Consider International Co-operative Measures to Detect and Identify Seismic Events.

Canada considers the work accomplished by the *Ad Hoc* Group to be of singular significance in practical terms towards the realization of a comprehensive test ban. A ban is one of the four elements in the "Strategy of Suffocation" which Prime Minister Trudeau outlined at the first special session of the General Assembly devoted to disarmament, in 1978. Beyond that, however, it is an area of interest to Canada precisely because it is one in which advanced technology, unfettered by other considerations, could provide adequate verification with practical and almost immediate results. I need hardly point out that as far back as in 1962, it was the Soviet Union which declared that, in the interests of seismic verification, it was "prepared to agree to two to three inspections a year being carried out in the territory of each of the nuclear powers" and that the proposal it had put forward for "automatic seismic stations" included "elements of international control" (ENDC/73).

Eighteen years later the negotiating states, in their tripartite report to this Committee (CD/130), acknowledged the contribution which co-operative seismic monitoring measures could make in verifying compliance with a treaty. The report accepted conditional "on-site" inspection as a co-operative measure. We strongly believe that this Committee and the seismic experts group could supplement in a very practical manner the efforts of the negotiating states.

A pivotal role

These two areas of negotiations — CTB and CW — are representative of those in which verification plays a pivotal role. Very often it appeared that difficulties in verification issues were based on preconceived differences regarding purpose, methodology and definition. It was in part the frustration of being so close to and yet so far from a number of agreements which prompted the initiation of the basic research program of which this conceptual paper is a result.

We accept the argument put forth very often that specific terms of verification cannot be negotiated before the arms-control problem itself is defined. It has been our view, however, that there are similarities in the concept of verification which extend across the spectrum of the arms-control problem. Hence we can and should learn from our experience. It is in this spirit that we developed the "compendium", to see what had

actually been proposed and why, with the objective of developing a common perspective and verification typology. There has been a virtual revolution in terms of verification technology. Yet, argumentation has remained largely unchanged. On the one hand, information which might have been kept from hand-held cameras in 1960 is now made available, often by mutual agreement through national technical means today. On the other hand, while intrusion has indeed changed, in any practical sense we tend here to be rather historical, and updating is needed.

Prior to the Second World War — the 1922 naval accords and the 1925 Geneva Protocol were examples — arms control and disarmament agreements negotiated under comparatively normal peace-time conditions did not normally make provision for systematic and effective verification of compliance with obligations. In post-Second World War negotiations, however, provision has generally been made for some type of verification. In fact, verification in some form is now normally a part of almost any significant agreement, whether public or private. As members of this Committee, we must recognize therefore, that to insist upon verification in an arms-control agreement is not necessarily to question the good faith of any one of the negotiators entering into an agreement, but rather through the reciprocal nature of the provision, to build confidence and ultimately strengthen mutual trust.

Unbiased rationale

I believe that it will be apparent to you upon reading the conceptual paper that the rationale which has been developed is without bias — that has certainly been our intention. The definition of verification, for example, was selected not from any political document, but rather from the *Concise Oxford Dictionary*. It is a particularly apt definition in that it included "demonstration" as an equal, and in my view preferable, method of verification to "inspection".

Soviet Foreign Minister Gromyko warned last autumn that the arms race "is approaching a point beyond which it may become impossible to curb it effectively by means of agreements based on mutual verification". If mutual verification encompasses the principle of reciprocity in its broadest sense, then of course all of us can support his reasoning and his concern. That being said, members of the Committee have the right to believe that it should apply not only to verification means now in use internationally (such as national technical means), but also to all methods of verification, existing and potential. It means that preconceptions of "mutual verification" of the last 20 years must be reassessed, in the light of the necessities today. Should not the requirement for secrecy within national borders and the claim of intrusiveness as an argument against adequate verification be reviewed? Indeed it could be argued that national technical means, a verification method accepted by treaty in the Strategic Arms Limitation Talks (SALT) process, is the most intrusive method in terms of national security assets. I commend to you the discussion on intrusion contained in Canada's conceptual paper being tabled today.

In submitting this latest working paper on verification, Canada continues on a course set 20 years ago, in the then multilateral negotiating body here in Geneva. Canada then took a special interest in the verification provisions of the Sea-Bed Treaty; and today, we apply the same concept of verification to other subjects, recognizing the special requirements of each area.

We hope that this conceptual working paper will lead to greater consideration of verification in this body. We are not looking to the Committee to conduct a study of verification, which would be inappropriate for the Committee. We are looking to others to contribute to greater consideration of this subject: we hope others will choose to table papers on aspects of verification in which they may have special expertise and which can contribute to common understanding.

Finally, in the spirit of the commencement of the Second Disarmament Decade, and in the approach to the United Nations General Assembly's second special session on disarmament, I hope this committee will allocate to itself a period within which to discuss briefly the unique and vital significance of verification to arms-control agreements. This would serve to highlight the importance which has been accorded to this subject by the Committee in including it in Item IX of its permanent agenda. In this connection I am pleased to offer, on behalf of my government, to provide a briefing on the conceptual paper and on the research behind it by experts from Ottawa who are ready to share their experiences with you.



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No. 81/20

REVIEW OF CANADA'S ROLE IN LA FRANCOPHONIE

OCT 7 1981

A Speech by the Honourable Pierre De Bané, Minister of Regional Economic Expansion, Ottawa, June 15, 1981

...Canada has played a basic role and continues to be at the forefront of the creation, support and implementation of...co-operation and dialogue among the peoples and nations which make up the international francophone community. Canada has acted and continues to act jointly and simultaneously both multilaterally and bilaterally with all these countries which share the French language as a means of communication.

This expression of closer ties, co-operation and mutual assistance required in a world of complex and interdependent relationships in all its human and technical aspects has led to the creation on the international level of many intergovernmental institutions, of which the most important is the Agency for Cultural and Technical Co-operation, without forgetting the annual conference of ministers of education and that of the ministers of youth and sports, as well as to the creation of non-governmental organizations and associations which are also very active in the international francophone movement.

Canadian involvement

The Canadian government has been very active within the francophone community from its very beginnings. It has played a major role in the creation and development of its many institutions since the 1960s. The development of the French fact in Canada and its extension externally has been a profound motivation for Canadian involvement. The extension of Canadian bilingualism on an international level and the participation of Canada in the international French-speaking community are a fundamental and permanent element of its foreign policy. The existence and vitality of French-language Canadians provide a means and an opportunity to develop relationships and bonds of solidarity and co-operation with many countries in Europe, Africa, the Near East, Oceania, North America and Asia, which for a diversity of historical reasons and to various degrees, use French as their language of communication. The same can be said about the opportunities for fruitful contacts and exchanges with a great many countries throughout these same continents which, like the English-speaking community of Canada, speak the language of Shakespeare. It seems to me that for a young and dynamic country, Canada is placed in an exceptional situation by having what could be described as natural bonds of understanding with more than half the countries of the world.

In this context, we have established a network of bilateral diplomatic representation with all French-speaking countries. We have developed with them an important program of co-operation for development purposes. We have initiated a political dialogue on major international issues and we have finally become members of all multilateral French-speaking organizations.

In fact, the central government is not solely responsible for this effort at creating closer ties. This concerns all Canadians and indeed benefits all Canadians, since the Commonwealth implies the Canadian population as a whole. While Quebec naturally became interested in the French-speaking community very early, the federal government on the other hand has tried to urge the governments of the other provinces with large French-speaking populations to also play an active role in this regard. For instance, representatives from the four provinces, Ontario, New Brunswick, Manitoba and, of course, Quebec were part of the Canadian delegation to the conference that established in 1970 the Agency for Cultural and Technical Co-operation. The major centre of French language and culture in Canada, the province of Quebec, in agreement with the Canadian government, has held from the start a special place in the governmental francophonie, through its status of participating government.

**Provinces
participation
status**

In December 1977, New Brunswick, as a 42 per cent French-speaking province, applied to the Canadian government for that same status of participating government. What exactly is involved by the participating government status? That status allows the Quebec government and the New Brunswick government to participate on their own behalf, but within the Canadian delegation, in the Agency's activities and programs. That status allows them to have a seat and an identification plate at the discussion table, with the right to speak. It allows them to communicate directly with the Agency on matters involving program planning. These two governments contribute financially to the Agency's budget. Their contributions, also identified, are computed as a fraction of the Canadian contribution of which they are an integral part.

That type of status, developed by the Canadian government is absolutely unique. Nowhere else in the world is to be found a similar arrangement, under which the federal government grants to the government of one of its provinces or federated states a special status to participate on its own behalf in an international or regional organization. This is to be found nowhere else in the world, and I suggest it is the most perfect example of the flexibility of the federal government to allow provincial governments, within their own fields of jurisdiction and to the extent compatible with Canada's foreign policy, to fully participate in international organizations.

Information and consultation mechanisms have been established between two participating governments and the national government to ensure active and genuine participation from the three governments, while ensuring united Canadian action within the community of the Agency's members.

Canada is involved in all of the Agency's programs, with a view to maintaining a balance between cultural and technological activities. To that end, in 1975 Canada proposed the establishment of the Special Development Program, or SDP for short, patterned after the Commonwealth Fund for Technical Co-operation. Financed through voluntary contributions, the SDP reviews and carries out modest technical assistance programs geared to the needs expressed by any ACTC member, especially in the fields of education, training, research, agriculture, health and social communications. By establishing the SDP Canada wanted to revitalize the ACTC and turn it into a concrete instrument of solidarity to complement more significant bilateral

and multilateral aids.

North/South relations

I might even say that in the 12 months I have been acting as adviser to the Prime Minister and to the Secretary of State for External Affairs on relations with French-speaking countries, a number of them told me that their interest in the Agency is directly related to that aspect of co-operation at the social, technical and economic levels, and a great many of them would be much less interested if the Agency were to restrict its activities solely to the defence and the renown of the French language. That is another way of saying that Canada was right to insist that the Agency be also directly involved in socio-economic co-operation in addition to its cultural vocation. Very recently the Agency has become the site for sectorial ministerial meetings. The first of those meetings was held in Luxembourg in 1977 for ministers of science and technology. The second took place in September 1980 in Paris, where justice ministers gathered and there I acted as representative of the Canadian government; similarly, there was a conference of agriculture ministers in March 1981 and I had the opportunity to attend as spokesman for my colleague who holds that portfolio. The ministers for cultural affairs will get together in Cotonou this coming September. Other ministerial meetings are scheduled for 1982 and the following years. Slowly but surely the ACTC is getting to be the foremost and privileged centre for French-speaking communities. One of the objectives of the Canadian government is to have the Agency regroup, under various forms, most of the activities of international French-speaking communities.

However, when we speak of international French-speaking communities we must be very careful not to see today's reality solely through the prism of language. Many of my counterparts whom I had the honour to meet during my various trips, and a great number of the participating countries which are full members of the Agency, told me that on several occasions. Several of those countries have barely 2 or 3 per cent of their people who speak French. It would therefore be a serious mistake to try to look at reality solely through the prism of language. To the extent that language will help us to communicate and draw closer together, we will extend, enrich and deepen those relations which should be developed and bear fruit in all areas.

On the other hand, it must be kept in mind that the international French-speaking community emerged from various private French-speaking associations, some of which go back to some 40 years. Most of them had a professional basis, such as the *Association internationale des parlementaires de langue française* (AIPLF), of which I have been appointed delegate for the Americas, or *l'Institut de droit d'expression française* (IDEF), which will hold its fourteenth convention in Montreal in September following the joint invitation of my colleague, the Minister of Justice of Canada, and the Quebec Minister of Justice. Others regrouped according to their common goals such as AUPELF, the Association of Partly or Fully Francophone Universities, which is to hold its convention both in Quebec City and Ottawa in September of this year, or CIRTEF, the International Council of Francophone Radio and Television Stations, which was created in 1978 at the suggestion of the Canadian government. CIRTEF comprises most of the francophone radio and television stations in the world.

The government of Canada of course provides financial assistance to a large number

of these organizations which are either Canada-inspired or include a major Canada participation. At a time when co-operation among the people and cultures of the world is ever increasing, the importance of non-government international organizations is also increasing, and our financial contributions are a tangible encouragement to various Canadian groups actively involved in international activities.

While this new form of multilateral co-operation was developing, Canada was therefore establishing diplomatic relations with all the francophone countries, and slowly but surely we have set in motion a program of co-operation which, I hope, will be in full swing very soon. So will it be with all exchanges at every level, whether commercial, economic, social or cultural, and to crown this effort at *rapprochement* based on a better knowledge of and co-operation with these various countries, it will surely be possible eventually to consider jointly with these countries means of bringing about a *rapprochement* in the world and ensure peace on earth.

Objectives

What are in fact the goals we are pursuing in our bilateral relations with these countries, especially African countries to which I feel particularly attracted? Our first goal is obvious: Canada seeks to affirm and show its French personality as well as its sincere interest in the cultural development and enrichment which we are likely to get from contacts with others. Needless to say, Canada as a whole should be involved in this undertaking. Our second goal is also clear: to help these countries which are among the neediest in the world. It is both our duty and our responsibility within the world community.

The third objective is to promote Canada's interests in major areas tied up with political, social economic and commercial elements. Therefore we must establish with these countries relationships that will be as extensive and varied as possible. As adviser to the Prime Minister and to the Secretary of State for External Affairs for relations with French-speaking countries, it is a pleasure for me to give you some detailed information regarding the state of our relations with these francophone countries and prospects for the future.

On behalf of the Secretary of State, I have already been on official business to France, Belgium and above all to a great many countries of Africa. Last January, for instance, I went on official business as Canada representative to express our goodwill and intentions of co-operation to four countries in the Sahel, namely Mali, Upper Volta, Niger and the Ivory Coast. I just returned last week from an official visit to Guinea and Gabon.

I can tell you about all the admiration and esteem that these countries feel for Canada and the Canadian people. Everywhere, no matter in which countries I had the honour to represent my fellow citizens, there was a tremendous expression of sympathy for Canada because all these countries acknowledged that neither by tradition nor by inclination were we interested in creating a sphere of influence, we wanted simply to express in a concrete manner our feeling of solidarity towards mankind. Canadian aid which amounts at present to about \$150 million a year just for Francophone Africa is appreciated because, as I just stated, it is given with no ulterior motives and it meets needs and priorities as defined by the governments with which we enjoy close relation-

ships. Canadian aid, which is administered by highly capable Canadian representatives and experts, is considered to be very effective in all those countries. Besides this bilateral aid, Canada contributes substantially to multilateral and regional organizations operating in Africa. For instance, for a long time Canada was the greatest contributor to African development funding and I think that today we rank second or third with regard to our contributions to the entire African continent.

Friendly relations

I must also add that our relations with those countries have been open and friendly. Everywhere I have been, like my predecessors, I have had open and constructive discussions with local officials. Canada's advice and support are sought and solicited everywhere. The meetings that I have had with each head of state of those friendly nations (and only last week I spoke with President Sekou Toure of Guinea and President Omar Bongo of Gabon), show that our relations are diversified and that we are aware of all the latest problems. Guinea is reaching out for Canada while at the same time Canada, through this African state, is widening its audience in Africa. My meeting with the President of Guinea marked the first official visit by a Canadian minister since the country became independent in 1958. I saw that the President of Guinea is considered, not only in his own country but also throughout the continent and the Islamic world as a great leader who was able to forge a nation in his country, where private Canadian interests have been represented for many years. He was kind enough to grant me four meetings with him and we discussed various current issues. I also met with the President of Gabon, and of course all the signs of friendship which were expressed were not directed to me personally but to the Canadian people as a whole.

There exists between Canada and the French-speaking countries, both at the bilateral and the multilateral levels, common grounds for co-operation and understanding. In this world which is divided in rich and poor nations, industrialized and developing countries, along a North/South or an East/West axis, Canada is in a good position to effect a *rapprochement* between both sides, and to define, with those countries, the means to help achieve harmony and make development a success. The trips of the Prime Minister as well as my own trips have convinced me that we stand to gain in every way from building closer ties with French-speaking countries like Canada.

In closing I should like to emphasize that many Canadians, missionaries, volunteers, businessmen, have worked and invested everywhere throughout the francophone world....

I intend to pursue my work especially in Africa. I urge my friends, ministers and members to go there and concretely foster ties that are not only dear to us but, let us admit it, useful in every way. I have had the opportunity to discuss topics which are of common interest to ourselves and our African hosts in a very positive way, such as the United Nations, the law of the sea, disarmament, trade, peace in the world, first and foremost on African soil, because Canada is implementing a policy of co-operation, mutual aid, assistance and friendship with those countries, in short, one of concrete political presence. We must strengthen our role in support for and contribution to the international francophone world and our co-operation with all the countries involved. Every part of Canada will be the richer for it.





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Statements and Speeches

No. 81/21

THE WORLD CHALLENGE: INTERNATIONAL DEVELOPMENT AND EAST/WEST TENSION



An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Fiftieth Couchiching Conference, Geneva Park, Ontario, July 29, 1981

...The theme of this year's conference — international development at a time of East/West tension — goes to the heart of the world's most pervasive problems. How we approach its resolution will profoundly affect the quest of all mankind for the most fundamental of all human and social goals — namely, the attainment of peace, security and social justice.

Tonight I propose to lay out the general dimensions of this global challenge hoping that in the course of this conference other speakers will probe particular aspects of it, so that we may better understand the dynamics of our common dilemma.

The terms "North/South" and "dialogue" are convenient catch-phrases which to some degree over-simplify and obscure the realities of our international relationships. Too frequently in recent years the Third World has been portrayed in the West as a homogeneous group of nations having a number of common characteristics. The reality is quite otherwise, and by ignoring this we run the risk of engaging in simplistic analysis and of devising unworkable solutions. Nothing could be farther from the truth than the image of a world divided between a powerful North and a weak and dependent South. Events throughout the Seventies grossly altered that picture to the point where we must now confront not dependence, but interdependence. The most dramatic example has been the emergence of OPEC (the Organization of Petroleum Exporting Countries), now confronting the people of the North with a nagging situation long familiar to the South, namely dependency. Like the nations of the South, we too are seeking self-sufficiency.

Common goal

The evolution of viable courses of action make it imperative that we clearly understand the nature of the developing world. We have to recognize that in parts of the South, economic growth rates have outstripped those of the North. A number of developing countries are competing successfully in markets in the North. Even a nation like India, having a popular image as a poor and dependent nation, is now the ninth largest industrial power in the world. Very clearly, the notions of what we call "the developing world" in reality have only one important common characteristic — the desire to make their own way in the world.

But that goal will be next to impossible to achieve if the Third World nations are persistently caught up in the tensions of the North. Canada's parliamentary task force on North/South relations pin-pointed the problem this way:

"The ability of the North to promote or respond to the interests of the South is seriously impaired by tensions within the North, between the countries of the West

and the Communist bloc. East and West have frequently approached the South solely as a new arena in which to carry on old battles. Often their relations with governments in the South have been based on notions such as 'the enemy of my enemy must be my friend'. Progress in the years ahead will depend in no small part on moderating these tensions and abandoning such simple judgments."

Clearly, the relaxation of tensions between the East and the West would be helpful to making real progress in international development. In the West, our hopes have rested in large part on the process of *détente*. Unfortunately, while the goals of *détente* still remain valid, the invasion of Afghanistan resulted in an abrupt decline in optimism for this process in the West and a concomitant rising scepticism in the Third World. In many ways, that Soviet adventure evoked in the developing countries memories of the imperialist adventurism which they have worked so hard to shake off. For the West, it threatened the very foundations of *détente*.

But the West discovered, through the experience of Afghanistan, that there are divergences of view among us. They stem in part from differences of geography and interests, differences in proximity to the Soviet military threat, or differences in relationships with the Third World. In part, differing perceptions have stemmed from the different policy instruments employed in our various countries. In more tranquil times, these differences seem minor; but in a time of crisis they are magnified into cleavages of major importance. The important point, however, is that these differences in the West do not devolve from opposing political positions, but from legitimate and understandable characteristics in all of our societies.

No one can impose artificial uniformity on free countries. And even if it could, the price would be disastrous — namely the destruction of the resilience and dynamism of the Western world. This fact has been most strongly reinforced by last week's Economic Summit in Ottawa, where it became evident that for those countries participating in the Summit, a strong measure of agreement about goals was possible, at the same time recognizing that while identical measures to achieve those goals may not always be possible, measures will not be pursued which fail to take account of their effects on others.

The recognition of this principle of mutual concern for the impact of one country's policies on other nations is an important factor in the relationship of the West with the developing world. For some time, there has been a tendency to focus on such themes as "North/South" or "East/West". I believe we have now arrived at the stage where these themes converge — where for both the West and the so-called South, concern about the impact of policies on one another is a vital and necessary component of stable international relations.

Fundamental principles

Development policy is an integral part of foreign policy. It is because our foreign policy is so different from that of some other countries that our development policies are also different. It is for that same reason that Canada is so much more appreciated in the Third World than are some other countries. For example, in Canada, the government has for some time adhered to four fundamental principles in relation to international development in the Third World.

The first is that one of the goals of international development must be the promotion of genuine independence and stability in the Third World. In other words, we are opting for a pluralistic world in which all nations can pursue the objectives of independence and self-determination, and can, if they wish, choose non-alignment. Consistent with this, we want to immunize the Third World from East/West confrontation.

Our second principle is that no power should attempt to impose forms of government or economic systems on Third World countries. This recognizes the fact that the social, economic and cultural circumstances which prevail in Third World countries differ from ours, and that imposed systems may be not only offensive, but may be patently the wrong solutions to the problems they face. This does not mean that we will not seek to explain to those countries why we believe as deeply as we do in free and representative institutions. But even in this, the most convincing argument must surely be the degree to which we meet success in achieving our own goals as a society.

Our third principle is that governments of all nations must vigilantly observe their fundamental obligations to their own people. The protection of human rights is a legitimate international concern and the world cannot close its eyes to gross violations of them. But even here, I believe effectiveness must prevail over noisy recriminations. The important thing is that we succeed in changing the minds of offending governments — not in making hollow gestures that seldom change minds and almost certainly never change offensive practices.

The fourth principle is that Canada will avoid rewarding Third World countries which wantonly interfere in the affairs of other nations. Countries of the developing world face formidable challenges in building better conditions for their people — challenges which preclude the squandering of valuable resources on imperialistic adventures. It is for this reason that we have withdrawn our aid programs from countries like Vietnam and Cuba.

Adherence to principles

We believe these four principles must be adhered to if the objectives of the North/South dialogue are to be achieved. It is difficult to see, for example, how open and dynamic trading relationships between the developing countries and the countries of the Third World can be established if they face persistent pressures to align themselves with one of the two superpowers. Likewise, the effective use of development assistance will be impeded if these resources are earmarked for armaments to be used in the cause of a superpower.

Some question the wisdom of this course. They believe that through imposition of ideologies, one side or the other will gain a strategic advantage. This concern is rooted in historical experiences during the Fifties and Sixties — the difficult years of decolonization in large parts of the world — when we witnessed the courtship by the Soviet Union of many of these countries, fuelled in part by their own suspicions of their former colonial masters in the West. But today we see little homogeneous adherence to a single ideology in the Third World. Political forms and institutions vary greatly, determined in part by cultural factors which transcend the rigid tenets of Soviet ideology. In retrospect, we know that the ideological promotion of decoloniza-

tion brought few countries into the Soviet orbit — and these only for short periods of time. In addition, Cuba's efforts within the Non-Aligned Movement have only increased Third World suspicions of Soviet motives, particularly since the invasion of Afghanistan. In short, I believe that few Third World nations, having attained independence from Western colonial powers, are prepared to subject themselves ideologically to another power, especially the Soviet Union.

Ottawa Summit consensus

Those of you familiar with the "Declaration of the Ottawa Summit" may have a variety of views about how well the heads of government and others involved in that process met the concerns of the developing nations. And no doubt some of those views will be elaborated in the course of this conference. From my own vantage point, I believe the Summit consensus has gone a long way in identifying common ground with at least some of the principles that have been advanced by Canada for some years. For example:

The Summit quite explicitly supported the "stability, independence and genuine non-alignment of developing countries". This implicitly supports the immunization of the Third World from East/West confrontations. Explicitly, it is a commitment to non-interference where there is genuine non-alignment.

Beyond this, however, I believe that one very positive result of the Summit was an agreement to resume preparations for global negotiations. The significance of this commitment should not be underestimated, since in essence it represents — for some Summit partners at least — a return to a position abandoned when the process broke down last fall.

The declaration also committed the Summit partners to maintaining substantial and, in many cases, growing levels of official development assistance, as well as to direct the major portion of their aid to poorer countries.

Perhaps equally important to the developing world was the Ottawa Summit's agreement to resist protectionist pressures. While this commitment undoubtedly was designed to obviate the problems of inflation and unemployment which are aggravated by protectionism in industrialized countries, adherence to this principle can undoubtedly be a primary benefit to the developing world where access to markets remains a vital concern.

Taken together, these various developments — agreement among the Western industrial nations about the importance of respecting the independent and non-aligned status of developing countries, and the recognition that they must be assisted to figure more prominently and advantageously in the operation of the world economy — I believe these are hopeful signs for significant movement in international development. But ultimately, any successes in bridging the gap will not come from declarations. I suggest the most significant indicators of real progress in working towards meeting the aspirations of the Third World could be the following:

Progress indi- cators

First, the degree to which Third World countries are permitted to remain isolated from East/West confrontations. This will require that they be left free not only from

direct interference by the superpowers, but also free from intervention or interference from other Third World nations seeking to impose one or another political ideology or form of government.

Secondly, the degree to which the industrialized nations are prepared to enter into open bargaining with them in global negotiations. This will call for an understanding of the plight of the developing world on the part of the industrialized nations and, on the part of the Third World, an abandonment of inflexible positions and bloc voting patterns. A precursor of how we are all likely to succeed in this may well be the outcome of the North/South Summit in Mexico in October.

The third indicator — one which will no doubt be watched vigilantly by the developing nations — will be the evolution of more open trading patterns. Perhaps more than any other single step, the commitment to more open trading policies will require an act of political will by the industrialized countries. In some cases it will call for revised industrial strategies, large-scale technology transfer and more orderly marketing arrangements.

The fourth, but by no means last of the indicators, will be the strength of will shown by the Western nations to live up to their commitments to higher levels of official development assistance. For our part, we are aiming at a level of 0.7 of 1 per cent of gross national product by the end of the 1980s, and we hope that other industrialized countries will at least do as well.

No doubt the Third World will keep a watchful eye not on statements and sympathy expressed by the West, but on the commitments we make and the efforts we invest in keeping these commitments.

Steps in the right direction

In summary, I am optimistic — perhaps reservedly so, but optimistic nevertheless — that progress is on the horizon. It would be naive to suppose that a new world economic order will emerge in a few short years. Recognition of mega-problems is always slow, even when our own welfare hangs on their resolution. In the quest for an accelerated and more just international development thrust, it is probably most realistic to expect not a single, giant step, but many determined steps — all headed in the same direction.

No doubt those directions and steps will be the substance of your considerations throughout this conference. I wish you well in those discussions, if for no other reason than that all of us must sharpen our comprehension of the complex issues that surround international development, and heighten the sensitivity of people everywhere — but particularly in the industrialized countries — to the urgent need to make a beginning. We must convince our own societies that there are no longer far-off lands, but that, in the words of Edmund Burke, "Whenever our neighbour's house is on fire, it cannot be amiss for the engines to play a little on our own."



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No. 81/22

NEW AND RENEWABLE ENERGY SOURCES: THE NEED AND A RESPONSE

A speech by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the United Nations Conference on Energy, Nairobi, Kenya, August 11, 1981

...It is good to be here at this conference. I am pleased to have the opportunity to discuss with the distinguished delegates here assembled, one of the crucial economic challenges of our times. In its broadest scope, that challenge is to provide for the future energy needs of all the peoples of the world. Within the more specific goals of this conference, the challenge can be defined as the management of change in the energy economy of our planet, or the management of the transition toward the partial replacement of oil by new and renewable forms of energy....

I need not tell you that there are growing numbers of sceptics in all our countries. I need not remind you that global confidence in the United Nations may be eroding dangerously, principally because the fine words spoken from countless UN podiums have too seldom been translated into concrete expressions of the unity of purpose we so often profess. The harsh reality is that, at a time when we are all affected by many kinds of international crises, political as well as economic, at a time when there is an unprecedented need for the UN to be effective, we find that disappointed people around the world have diminishing faith in the ability of this organization to fulfil the vision of its founding members.

The matters we will be discussing at this conference are compelling enough in themselves to drive us in the direction of co-operative action. But we are also working under the additional imperative to prove that now, when the world's need for it is great, the UN can stimulate practical progress. Later on in my speech I will announce some concrete decisions the Canadian government has taken in support of the UN initiative which this conference represents, and in support of concerted international action in the energy field.

First, however, I should like to share with you some thoughts about the relevance of this conference to the wider North-South dialogue in which so many of our countries are engaged. Through that dialogue, we are reappraising an international economic structure which in the past has provided fertile ground for great growth among countries of both North and South, but which must be adjusted in some fundamental ways to the needs of today and tomorrow.

In this task, it is important to recognize the valid and sometimes spectacular achievements which have been realized within the present order. In the past 35 years, countries of the North have experienced periods of economic expansion unmatched in human history. In many countries of the South, national wealth and living standards have grown dramatically. New economic power centres have emerged in the Third World.

World poverty increasing

Yet, for too many of the world's poorest peoples, diminishing hope has turned into despair. The number of the absolute poor, those hundreds of millions who lack the most basic essentials of life, is not declining, but increasing. Without larger infusions of assistance from outside their borders, the world's poorest countries cannot hope to overcome the poverty of their people within the foreseeable future.

Within the growing group of middle-income developing countries, possessed of resource wealth and industrial capacity, we have seen impressive proof in recent decades that, given the chance, they can achieve higher levels of productivity and growth. For too many oil-importing developing countries, however, the encouragement of visible progress has been replaced by the shock of crushing deficits.

The industrialized North has emerged from a period of unprecedented growth into a period of unprecedented economic uncertainty. Slow growth, high inflation and interest rates, and high unemployment have proven impervious to traditional economic instruments. The rising cost of energy, and the massive capital cost of developing unconventional energy sources, have imposed fundamental reallocations of national wealth. Less is available for needed social spending, for example. The result in many countries is an increased level of inequity, and consequently of social tensions.

In both North and South, economic and social instability is the enemy of freedom, especially the freedom to determine our own future, to fulfil our own dreams, whether as individuals or as nations.

Need for co-operation

In both North and South, there is a craving for national and international stability. We are learning, however, that our craving will not be satisfied unless we achieve a much higher level of international co-operation, a much higher level of co-ordination of our economic policies, and unless together we can improve the global framework within which we conduct our economic relations.

Because such adjustments are so obviously in our mutual interest, I am confident that they are possible. Some may be painful. All should be gradual. But they will come about only if we can muster the political will to do the job. There is some encouraging evidence that this political will is strengthening. There were real signs of movement, for example, at last month's Economic Summit in Canada.

You will recall that at the Venice Summit last year, my colleagues and I agreed that this year in Ottawa, we would give a high priority to North-South issues. We did just that. As this year's Summit chairman, I travelled extensively to countries in both the North and South in the months before our Ottawa meeting, to obtain the views of their leaders on areas of possible progress in the dialogue.

Readiness to respond to Third World

I am pleased to report that the Summit participants in Ottawa demonstrated a readiness to respond more effectively to the needs of Third World countries. We made clear our willingness to join in a process of closer co-operation with developing countries, not just for their benefit, but for our own as well.

We stated our willingness to participate in preparations for a mutually acceptable pro-

cess of global negotiations. That statement, almost by itself, raised the level of reasonable hope for the success of other international meetings later this year, especially the UN Conference on Least Developed Countries in Paris, the Commonwealth Heads of Government Meeting in Melbourne, and the North-South Summit in Cancun.

We are learning that, in this new world of recurring economic shocks, we will survive and grow together, or not at all. There is no more compelling proof of our interdependence than the new energy outlook that has been forced upon us in recent years. The rising price and diminishing supply of conventional petroleum resources have had a major impact upon all of us. In oil-importing countries of the Third World, that impact has profound implications on their prospects for development.

However, the compelling immediacy of dealing with energy-related shocks and deficits, in both North and South, has distracted our attention from the need for internationally co-ordinated energy policies. Therefore, I look to this conference, and to the other international gatherings I have mentioned, to refocus our attention upon co-ordination, and to provide some badly needed momentum for closer co-operation.

The focus of this conference is on a vital sector of the development process. An effective transition toward greater use of non-petroleum energy sources is one of the imperatives of our times. The adjustment will be difficult, given the historical pattern of fuelling economic growth with a heavy increase in the use of commercial forms of energy. The fact that the days of cheap oil are gone forever makes the adjustment all the more necessary, if not any easier.

Conservation

One of the adjustments which has taken on added urgency is conservation, by far the cheapest source of energy in the world. I was pleased to note that, in 1980, the member countries of the International Energy Agency reduced their oil consumption by more than 7 per cent. That reduction has an obviously beneficial effect upon our own economies, and also eases pressure on the global oil supply, leaving more available for others.

Further conservation efforts, while absolutely necessary, will not be enough to solve the problem of supply, nor the problems related to the impact of conventional energy prices upon national economies. Here I have in mind particularly the level of Third World indebtedness for imported oil. In many countries, the problems are intensified by the lack of over-all energy strategies, and by the lack of adequate information about actual and potential resources, about consumption patterns, about the impact of price and supply upon economic decisions.

In many countries of both the North and the South, the need for increased domestic energy production is forcing us to commit massive amounts of capital to projects which will not come on stream for many years.

Against that background, the need to explore ways of developing new and renewable sources of energy takes on compelling urgency. Against that background, this conference is of prime importance to the world, and that is why I would like to tell you

something about Canada's energy initiatives, both national and international.

**National energy
program**

The Canadian government has begun to implement a national energy program, designed in our own interest and the interest of other countries, to eliminate net oil import requirements by 1990. We will, of course, continue to be a net exporter of other forms of energy — gas, coal, uranium and electricity. We have also taken a hard look at our international development policies, with a view of shifting more of our effort toward meeting the energy needs of developing countries.

Within our over-all commitment to raise our official development assistance to .5 per cent of our gross national product by 1985, and to make our best effort to reach .7 per cent by 1990, we have decided to concentrate our effort in three priority sectors: energy, agriculture, and the development of human resources.

The energy-related component of our bilateral assistance has consistently been close to 25 per cent — one of the highest percentages among donor countries. As I have said, the amount of that assistance will grow even further in the next five years, during which period Canada will devote more than \$1 billion to energy-related development projects.

**Contrast in
energy sources**

Furthermore, Canada wishes to support the specific goals of this conference, and for very good reasons. In the industrialized world, some 90 per cent of energy is produced from non-renewable resources — coal, oil, natural gas, and uranium. In contrast, the developing countries derive less than 50 per cent of their energy from such sources, and that is used largely in industrial and urban areas, involving a minority of the population. Two-and-one-half billion of the world's poorest people, the great majority of whom live in rural areas, depend for almost all of their energy needs upon wood, agricultural residues, and dung — the so-called non-commercial fuels.

Energy-related research in and for the developing countries therefore presents a considerable challenge. It is also true that the great bulk of energy-related research is located within the industrialized countries, and is directed toward their needs. There is, for instance, little work being done which has any immediate application to the small scale, rural oriented needs of the developing countries. And because renewable energy technology is a recent and still emerging field of activity, many questions remain unanswered about its potential uses in developing countries. An immense amount of work is required on technologies appropriate for use in the poorest countries.

**Support for
energy research**

Therefore, one of the new initiatives which the government of Canada is undertaking, and which I am announcing here today, involves a \$10 million increase in our support for energy research related to developing countries. We are making that amount available to Canada's International Development Research Centre (IDRC) so that it can undertake an intensified program in this field.

The IDRC would conduct its research largely in developing countries themselves, thus helping those countries to better assess their own options. The goal would be to co-operate with the governments of those countries in the development of tech-

nologically sound energy policies which are directly relevant to the host country's needs. The program would stress the use of indigenous resources in solving local energy problems. The impact of the program would be felt principally in least developed countries.

As a further new initiative, Canada is establishing a program with initial capital of \$5 million, to encourage private companies to adapt new energy technologies to development needs. Many of our most imaginative and innovative companies are too small to do the job on their own and we want to increase their capacity to transfer technology to developing countries.

Aid to Africa

I am pleased to announce that Canada will also contribute \$25 million toward the alleviation of a particular need of African countries, especially in the Sahel region. This amount will be in addition to funds already projected for bilateral assistance.

The need to which I refer arises from the constant spread of the desert into areas of previously arable land. The resulting decrease in food production, and increase in the level of imported food, has curtailed the financial capacity of these countries to import needed energy. Without sufficient energy for agricultural production, more land is lost to the desert, and the vicious circle continues. Canada's contribution is designed to help those countries develop their energy resources, to grow more food, to hold back the encroaching desert, and to retard the depletion of scarce forest resources being used for fuel.

Planning and financial resources essential

I mentioned a few moments ago the fact that many countries lack a sound energy strategy. Canada believes that, without proper planning, the investment which we and other countries are prepared to make in energy projects in developing countries cannot achieve its full potential. In the past, Canada has been a leader in providing funds and expertise to developing countries that have sought help in the preparation of national energy plans. I am pleased to inform you that we will make additional efforts to assist those countries which want to develop such plans.

On the multilateral front, there is a need for structural adaptation to the requirements of developing countries. To meet their energy needs, those countries must have access to greater financial resources. At the Ottawa Summit there was agreement about the need for the World Bank to strengthen its role in energy lending. There are obviously a number of ways to accomplish this: Canada has joined with many other countries in calling for the creation of an Energy Affiliate to the Bank for that purpose and we are prepared to support such an Affiliate financially if it can be set up.

In the meantime, there is much that can be done bilaterally, and within our own countries. On the bilateral level, I am happy to report that, in Canada, the legal and financial foundations have been approved for the creation of Petro-Canada International, a subsidiary of our national oil company. Its purpose will be to assist oil-importing developing countries to exploit their own energy resources, particularly hydrocarbons. This new company will provide development assistance directly to Third World countries, and will also be available as an executing agent for other institutions, such as the World Bank.

Total approach

Canada intends to contribute positively and effectively to the sustained international effort toward a diversified pattern of global energy supply. I believe the elements I describe comprise a total approach: exploration and exploitation of all energy sources, research for new methods, incentives for the private sector, new help for better public planning, and a healthy infusion of capital to make it all happen.

The subject matter which engages us here could hardly be more vital. A positive, practical outcome from this conference cannot help but reinforce the creative aspects of North-South relations. Confident in the good will of all the countries here represented, and assured of the dedication of the delegates here assembled, I feel justified in believing that our collective efforts will be fruitful and that the results of this conference will be beneficial to the world's peoples....

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CANADA, CHINA AND THE RULE OF LAW

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, Peking, August 20, 1981

I am pleased, today, to comment on China's contribution to the development of international law. It is an area in which my country and yours have rich legal traditions that can be yet further enriched by greater contact between them and by working together for an international order based on the rule of law.

The idea of law is a universal phenomenon. The notion of objective legal norms binding on everybody — on ruler and ruled alike — has been more or less well understood and more or less well applied in different societies and at different periods. In my comments, I will attempt to bring out the importance of law in human affairs, and especially in international relations, for I am convinced that it is the idea of law, above all else, that can help us to span the distances imposed by geography, ideology, and varying levels of development.

Parallel in evolution

It is well known that ancient Chinese law influenced eastern Asia in much the same way that Roman law influenced western Europe. It is perhaps not so well known that there has also been a certain rough parallel in the evolution of law in China and in common law countries like my own. China's legal history was marked by the conflict between the legalist and Confucian schools of thought, with the legalists upholding a kind of statute law system incorporated in the *Tables of the Law*, and the Confucianists upholding a kind of traditional customary law system reflected in the norms of proper behaviour. In the shared legal history of Canada and Britain, one finds a somewhat analogous tension or interplay between statute law and traditional customary law or common law. In both your case and ours, the end result was a compromise between the two approaches.

I have touched on legal history only to underline why we in Canada welcome so warmly the new interest in law which is manifest in China today. You have a vast wealth of experience to draw upon that can be instructive not only to you but to countries that have followed other roads. Your new initiatives in both internal and international law can enable you once again to make a unique contribution to the legal heritage of the world.

Rule of Law

It is sometimes thought that what is most remarkable about Canada and other countries of the West is our advanced technology and material well-being. However, the source of our progress is not technology, but rather the rule of law, which protects citizens from arbitrary action by the state and guarantees the fundamental values of a free society — freedom of conscience and religion, freedom of speech and of the press, freedom of assembly and of association. It is this freedom in the framework of the rule of law which renders possible our social dynamism, economic progress and even technological innovation. For us the rule of law has proved to be the matrix

both of collective progress and of personal fulfilment.

Canadians have noted with deep interest your enactment of organic laws for the courts and the procuratorate, as well as a criminal law and a law of criminal procedure, and a variety of other laws and regulations. These speak for themselves in recognizing the need to protect the individual and further the rule of law. Other measures have been the re-establishment of the Ministry of Justice, together with its local bureaux and offices, and the drafting of regulations for the legal profession.

It has been especially gratifying to see the re-emergence of the Chinese Society for International Law and *The Chinese Yearbook of International Law*, as well as the publication of articles in English by such scholars as Li Yunchang and Chen Zhucheng in the *Beijing Review* and elsewhere. These developments have been paralleled by the expansion of your law schools and the growth of scholarly and professional exchanges with universities and other organizations in Canada and elsewhere. Our scholars have been honoured to work with and learn from Professor Wang Te-Ya, Professor T.C. Chen, Dean Shou-Yi Chen, and others. We look forward to more exchanges in the future.

In the field of international law, it is noteworthy that China has made its presence felt with particular effect in two areas of particular concern to Canada — namely, international environmental law and the law of the sea.

Environmental integrity

Canada and China worked closely and constructively together at the Stockholm Conference on the Human Environment. Like China, Canada occupies one of the largest land masses in the world and fronts on one of the longest coastlines in the world. Both our countries must inevitably be concerned with the protection of their environmental integrity, which necessarily also implies the protection of the environment in areas beyond national jurisdiction. It is true of course that the principles of sovereign equality and non-interference allow states to regulate activities within their boundaries as they see fit. Sovereignty, however, does not confer unbridled licence. Canada has long subscribed to the view that no state should use its territory or allow it to be used in such a way as to injure the environment of another state or of the international commons. Indeed, Canada was a party to the now classic Trail Smelter Case that first enunciated this basic tenet of international environmental law. China's view of sovereign equality and non-interference, I am pleased to note, similarly takes into account the need to avoid injury to the vital interests of others.

Law of the Sea

Canada and China have also been effective partners in the elaboration of the emerging new law of the sea. We have contributed to state practice and the evolution of customary law, which now recognizes, for instance, the 12-mile territorial sea and the 200-mile economic zone. We have supported the concept that the resources of the international seabed area are the common heritage of mankind. We are committed to the successful conclusion of the Law of the Sea Conference. And we know that a comprehensive, universal treaty is indispensable to international order and stability.

At the heart of our common approach to the law of the sea is our common realization that the proposed treaty represents more than a constitution for the oceans. What is

at issue is a new equity, a new international economic order, and a new lawmaking process. The economic zone and the concept of the common heritage of mankind are bold inventions that will bring us closer to this new equity and new economic order. But perhaps the most revolutionary change has been in the lawmaking process. The traditional law of the sea resulted largely from the state practice of the Western maritime powers, codified in the 1958 Geneva conventions. Most of the developing countries had no voice in this process. Today, however, they all have a voice and all insist on being heard. Therein lies the revolution: the decolonization of the law of the sea.

Many of you may recall the story of the monkey-keeper by Lieh Tzu. In the land of Sung, long ago, there was a monkey-keeper who dearly loved his monkeys. The day came, however, when he could no longer afford to feed them as well as before. Fearing that they would no longer obey him, he decided to trick them into accepting short rations, "Here are chestnuts for you," he told them. "You'll get three each morning and four each evening. Is that enough?" The monkeys angrily refused his offer. "Very well," he said, "four each morning and three each evening. Is that enough?" Delighted, the monkeys agreed.

But men are not monkeys. The developing countries will not accept keepers, nor short rations — at the Law of the Sea Conference or elsewhere. They are today sovereign and equal members of the international community. In insisting on the exercise of their sovereign equality — in their rejection of keepers and short rations — they have Canada's full support.

Extension of international law

Before concluding, I would like to discuss briefly one other major development in contemporary international law. Traditionally, international law has been concerned with relations between states. Today, the increasing involvement of governments in commercial activities, the burgeoning of international and intergovernmental organizations, and the spread of transnational enterprises, have all combined to extend the domain of international law. This phenomenon demands creative new approaches, for which we can find inspiration in our respective domestic legal traditions.

Both your government and mine are heavily involved in international trade, directly in some cases, and through our various agencies in other cases. Inevitably, many complex practical problems are beginning to surface. We in Canada are about to deal with some of these in a State Immunity Act, which will clarify and codify our judicial practice. We welcome China's encouragement of the work of the International Law Commission on the jurisdictional immunities of states and their property. We are impressed with your efforts to provide stability in international trade and investment through the instrumentality of domestic law. Here too your past affords lessons for us all. Unequal treaties are not true treaties, which can only be based on mutual benefit. The extra-territorial application of foreign laws is a violation of sovereignty. Commercial disputes can best be resolved through direct, amicable consultations, supplemented where necessary by conciliation, arbitration or other proceedings. What is required in all commercial relations, especially where different economic, social and legal systems are involved, is certainty, predictability and confidence.

You are promoting these conditions in China today.

Non-use of force

I have referred a number of times to sovereignty, equality and non-interference. These are the foundation stones of international law. Their obvious corollary is the non-use of force in international relations. Thus, if we are truly attached to the rule of law, we are obliged to condemn the Soviet Union's invasion and occupation of Afghanistan. We are obliged to support international efforts to achieve the complete withdrawal of Soviet troops and to restore to the Afghan people, who are fighting a war of liberation, the right to determine their own future.

It is, however, all too easy to forget that the rule of law is indivisible. None of us can pick and choose where we wish to see it applied. If we frustrate the rule of law in one area — in the uses of the sea, for instance — we encourage its frustration elsewhere. We make it more difficult to pursue the peaceful settlement of disputes and, more important still, the avoidance of dispute.

Law, as I said at the outset, offers us our best hope of overcoming the differences that prevail in the world. Law may never allow us to achieve a universal consensus. It may, however, allow us to come close to realizing an old Chinese ideal: "From union comes mutual affection; from difference, mutual respect." Indeed, as between Canada and China, despite our differences, I believe that we are already going beyond mutual respect to mutual affection.

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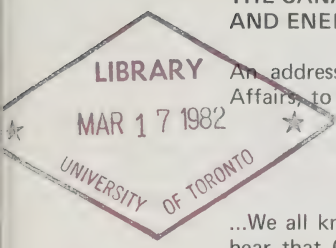
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Statements and Speeches

No. 81/24

THE CANADIAN PERSPECTIVE ON FOREIGN INVESTMENT AND ENERGY QUESTIONS

An address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Centre for Inter-American Relations, New York, September 30, 1981



...We all know that it [Canadian-U.S. relations are] vast and complex. Today we often hear that Canadian policies are vexing the relationship. Tonight, I will give you the background to some of those policies.

My reason for wanting to provide this context or framework is a belief that unless and until Americans, both inside and outside government, appreciate more fully the rationale for Canadian economic policies, the goal of managing the relationship effectively will prove elusive. We have to understand each other, or we risk talking right past each other.

Let me begin with several political facts of Canadian life. First, all Canadians think of themselves as self-appointed experts about the United States. Second, all Canadians believe they know just what needs to be done to straighten out Canada-U.S. relations. Third, while Canada-U.S. relations tend to get buried on page 48 of the *New York Times*, it is big box-office in Canada. So, we have a usual situation of perceived general omniscience on one side and relative disinterest (albeit usually benign) on the other. These are aspects of the political environment which affect the way politicians in Canada have to deal with the topic.

Precisely because it is a potentially volatile topic, a succession of Canadian governments have placed great store in conducting relations with the U.S. on a business-like and case-by-case basis. The emphasis has been on dealing with most bilateral difficulties in a direct and low-key manner, and not through negotiations in the press. Over the years, the United States has welcomed this rational, problem-solving approach, and the state of the relationship reflected this. Beyond the obvious utility of these methods, the genuine respect and warmth existing between the two peoples made such a way of doing business natural. There have been difficulties. I think of 1971 when the U.S. took a number of national economic policy decisions directed toward trade, the so-called "Nixon shock", which were nothing short of traumatic for Canadian policy-makers at the time, and which subsequently reinforced Canadian determination to strengthen national control over our economy.

But it is with a general history of co-operation in mind that I turn to a set of American concerns, some of which have recently prompted U.S. officials to express public surprise at what they call Canada's nationalist and short-sighted policies. Perhaps in the next few minutes, I can help to alleviate this apparent state of shock.

Clearly, important elements of the U.S. private sector, Congress, and administration see a disturbing change in Canadian economic policies. In addition to the words

Political facts
of Canadian
life

"nationalist" and "short-sighted", the terms most often used to characterize this supposedly sudden shift in direction are "interventionist", "restrictive", and "discriminatory". In the view of some prominent Americans, at least, it is no longer possible to look northward and recognize the Canada they thought they knew.

Accompanying this generalized concern in some quarters is a more specific complaint, voiced mostly by corporate spokesmen, that the "rules of the game" have been abruptly changed in Canada, and that this amounts to unfair treatment. The companies involved have not hesitated to act on their convictions and seek support in this country, often from their friends in Congress.

Alarm unjustified

This level of alarm is unjustified, but to a degree it is understandable, since the commercial and economic stakes are high. Over 21 per cent of U.S. foreign direct investment world-wide is in Canada; according to the latest available figures, this amounted to more than \$38 billion. So there is a strong degree of exposure involved. But be reassured that it is two way. In 1980, two-way trade between the two countries totalled some \$90 billion, the largest trading relationship in the world between any two countries. The point is that neither side wishes to jeopardize economic links of such importance.

A key to ensuring that damage is not done is knowledge. I would like Americans to know more about Canadian realities. They would then recognize that these realities are not threatening to U.S. interests but reveal a country in the process of strengthening itself, not at the expense of others, and in a way which will in fact result in a more capable neighbour and ally for this country.

What is happening in Canada is for us an exciting process — the enhancement of our nationhood. Our domestic debates over the form of our government are well known to you and have their roots in the original bargaining which led to Confederation over a 100 years ago. Perhaps less well known is the on-going debate over economic development policy which has paralleled the political discussion.

These two strands are now coming together as the constitutional issue nears a decisive stage and as the over-all direction of economic development policy is clarified. The combined effect of this "coming of age" will be noticeable to a near neighbour, but if our lines of communication are kept open, one hopes not too unsettling.

Our Prime Minister summed it up as he introduced President Reagan in the House of Commons on March 11 this year. "In the years to come the United States will be looking at a dynamic neighbour to the north. By putting its own house in order, Canada will grow confident in itself. We will establish more clearly where our interests lie and we will pursue them with renewed vigour. One thing will remain unchanged, however: our deep friendship for the United States."

Clarifying Canadian interests

What we hope our American friends will realize is that, in economic terms, this clarifying of national interest is based on political traditions and economic structures different from their own. More than 200 years ago our paths diverged, although our goals remained much the same. The parting of the ways led to different political

institutions and when compared with different geographic circumstances as well, even a different attitude towards the role of government.

A good example is the degree to which Canadian governments have historically felt the need to intervene in national life to knit together and develop a huge, underpopulated and, in some cases, forbidding land. Among the results are national television and radio networks, national airlines, the Canadian National Railway family of companies and a host of other government undertakings, meant to mobilize capital, technological, and human resources on a scale of effort and risk which some of the challenges of our national development call for. The need for and familiarity with government intervention in the Canadian economy remain to this day.

I should point out that government involvement of this sort represents a pragmatic Canadian response to a particular set of circumstances, and by no means reflects any philosophical discomfort with the role of private enterprise. The private sector has been and will remain the driving force behind Canada's economic development. We share with you the perception that one of the best guarantors of a free society is a free economy. But Canadian economic development needs to be as coherent as possible and as forward looking as possible in terms of over-all benefits to Canadian society. And for those reasons, Canadian governments, at the provincial as well as federal levels, are at ease with their responsibilities for judicious intervention in the development process.

In part, this is directly due to a second fundamental difference between the two countries, the structure of the two economies. Canada's economy is a tenth the size of yours, and is more heavily dependent on primary resource industries. The manufacturing base in Canada is narrower and is significantly foreign-controlled. Although in many respects general Canadian and U.S. economic interests are parallel, in some important specific ways they diverge. In the past 20 years, the public debate on the degree to which such a divergence was desirable or possible has centred on the question of foreign ownership.

Foreign investment

While Canadians acknowledge the benefits which foreign investment has brought them, it became clear by the beginning of the 1970s, after a decade of study, of the very high degree of foreign ownership and control and that there were very significant costs involved as well. These are well known; they relate to the negative effects on the performance of the economy of locating so many of its command centres outside Canada, on the social development of Canada, which needs more research and development for our engineers and scientists; or the effects of the branch-plant phenomenon on the Canadian potential for developing interesting trade prospects. And so on. And the events of 1971 left us feeling suddenly vulnerable.

Accordingly, in 1974, the government established a foreign investment review process whose task is to screen foreign investment for significant benefit to Canada. You will notice that I used the word "screen", not "block". As of August 1981, the Canadian government had an approval rate for applications by American investors of 90.5 per cent, hardly grounds for suggesting that they have been subjected to harsh treatment.

In view of the litany of complaints about the Foreign Investment Review Agency (FIRA), I would like to point out a few facts. Even now, after seven years of the FIRA regime, foreign ownership figures in Canada are at a level which I am sure you will agree would simply not be tolerated in the U.S. For example, according to latest available figures (1978), foreign investment in the United States accounted for 5 per cent of the mining industry and 3 per cent of the manufacturing sector. The comparable Canadian levels are 37 per cent and 47 per cent. The contrast is stark.

Furthermore, in 1978, non-residents controlled about 30 per cent of all non-financial industries in Canada; the comparable U.S. figure was about 2 per cent. Finally, while only two of the 50 largest firms in the United States are foreign-controlled, 19 of the 50 largest firms in Canada are foreign-controlled.

I regret bombarding you with these statistics, but I believe that the reason for Canadian action on foreign investment must be clearly understood. No country could allow these levels of foreign involvement to continue indefinitely. No country ever has. I do not have to remind this audience of the more recent reaction in this country to a degree of foreign penetration much, much lower than that occurring in Canada.

The essential point is that, having determined that the amount of foreign ownership and control was a concern, Canada chose to deal with the problem totally in accordance with our international undertakings. There has been no question of nationalization, confiscation or forced sale. Foreign investors have simply been told the conditions under which they would be welcome.

And I should emphasize the notion of welcome. Canada needs and wants foreign investment which will benefit all parties concerned. Foreign companies and individuals will continue to do business profitably in Canada. I do not believe that those who are complaining about our policies are in fact arguing that they have lost money on their investments. Certainly not. And by comparison with other countries, there are very few more secure places to invest money than Canada.

Energy issues

Let me now turn to the vexed question of energy. In the energy field, the cause of much recent anxiety has been Canada's National Energy Program (NEP). Within the context of the obviously special significance the energy sector has for Canadian economic development, that program is founded on three basic principles — security of supply and ultimate independence from the world oil market; opportunity for all Canadians to participate in the energy industry, particularly oil and gas, and to share in the benefits of its expansion; and fairness, with a pricing and revenue-sharing regime which recognizes the needs and rights of all Canadians, with respect to the development of all of Canada's regions.

From where I sit, one aspect of the NEP which has been much misunderstood is "Canadianization". The Canadianization objective is really very simple: it is to increase the share of the oil and gas industry owned and controlled by Canadians — to 50 per cent of the industry a decade from now. In the strategy adopted to achieve this utterly legitimate objective, the emphasis is on making room for Canadian oil and gas companies in the industry in Canada, not on forcing out foreign companies. There

is no question that we intend to give Canadian companies the opportunity to grow more quickly. What we have not intended or done is to make the operations of large international oil firms unprofitable. For example, the net cost to U.S. firms exploring in Canada will remain lower than in the United States.

But we are dealing with an extraordinary situation. Throughout the 1950s and 1960s, non-residents owned nearly 80 per cent and controlled over 90 per cent of Canadian oil and gas assets. They also controlled nearly 100 per cent of the assets employed in refining and marketing operations. Canada did not have a single Canadian multinational oil company, not even a small one. We did not have a vertically integrated domestic company, until Petro-Canada acquired Pacific Petroleum in 1978.

Before the NEP, an unintended by-product of government policies was increased foreign ownership. New windfall profits due to increases in oil and gas prices favoured the firms already in the business with the largest production. Most of these were foreign-owned. These same foreign-owned firms were also the main beneficiaries of the earned depletion allowance, since this deduction from taxable resource income was available only to firms whose principal business was resources and who had existing resource income. The pre-NEP policy framework virtually guaranteed that the big (and the foreign-owned) would get bigger.

The Canadian predicament

No other developed country faced this predicament. Indeed, as I look around, it is a predicament tolerated by no country, period. By 1980, the 74 per cent foreign-owned and 81.5 per cent foreign-controlled Canadian oil and gas industry generated almost a third of all the non-financial sector profits in Canada. Without changes, enormous power and influence in Canada was destined to fall into a few foreign hands. We simply decided that we had to act and had to act now.

But, unlike some other countries, Canada has preferred the carrot to the stick. The operations of foreign firms in Canada are still very profitable and, to the extent that they increase Canadian ownership, they can now be even more so.

I want to dispel any impression that the NEP has suddenly made the role of foreign firms in the Canadian hydrocarbon industry uncertain and unpredictable. Certainly the rules of the game have changed from 10, 20 or 30 years ago. Perceptions change; needs change; situations change. Where do they not change? But the changed rules are clear. They can be ignored to the detriment of future balance sheets. Or they can be used advantageously by foreign-owned corporate citizens of Canada who are sensitive to the Canadian environment and to the opportunities there for profitable investment.

Incentives for owners

I should add that the NEP gives foreign companies an incentive to acquire Canadian shareholders and partners. To the extent that they do, they can benefit from higher exploration grants just like firms which are already more than 50 per cent Canadian-owned. Let's not forget the many foreign-controlled companies who are quietly rearranging their affairs in Canada to take advantage of the NEP, and in so doing, to continue to grow and prosper in Canada.

Before leaving the subject of Canadian energy policy, let me deal with an assertion

often made about another aspect of the NEP's impact. I have seen it claimed that the recent takeovers of foreign-controlled Canadian oil and gas subsidiaries by Canadians have been at "fire-sale" prices caused by the NEP.

In fact, the biggest single takeover since the NEP, the purchase of Hudson's Bay Oil and Gas from Conoco, was at a price that Conoco itself has termed fair and reasonable. The price included a premium of 52 per cent above the pre-NEP stock market price. The highest premium of all, 67 per cent, was won by St. Joe's Minerals for the alleged "forced" sale of Candel Oil Limited, in order to ward off a takeover attempt on St. Joe's itself. Not bad business for an alleged shotgun wedding. In comparison, the average premium in over 60 takeovers in Canada since 1978 was 35 per cent. Indeed, the government in Canada has consistently been criticized for Petro-Can purchases on the grounds that the premiums paid have been too high.

One last note — the takeover fever in Canada began long before the NEP. It has had involved Canadian as well as foreign firms and sectors beyond energy. I suggest that some recently interested observers of Canada step back a bit for a little perspective.

I have taken some time tonight to discuss Canadian investment and energy policies. I did so because these are areas of concern to many in the United States, and this seemed a good opportunity to explain the Canadian position before a largely American audience. I would not like to leave the impression, however, that these American concerns and our responses define the state of relations between us. The United States' own record on trade and investment is not unblemished. Measures have been taken, for example, to assist industrial sectors having difficulty meeting international competition. Buy-American preferences abound. There are sectors of the U.S. economy from which foreign investors are excluded. We are still awaiting action on shared environmental and fisheries issues. Raising these problems gives me no pleasure. It does, however, help to put the bilateral situation into better perspective.

Let me conclude these remarks by returning to a point I made earlier. For Canada, the state of relations with the United States is a crucial matter, full of political sensitivity. Energy and investment questions lie at the heart of the relationship between our two countries. The Canadian government has developed policies in these areas which command broad national support. The government has sought to take American concerns into account (we amended provisions of the NEP, for example), but the main lines of our policies are set. They are set because they correspond to the firm wish of the people of Canada. They are in the political mainstream, and also in the mainstream of a larger, wider current of Canadian economic and political history.

Long-term policies

Let us be clear about this. Contrary to a recent Atlantic Council report on the subject, the Canadian policies in investment and energy are not the product of short-term political expediency. The genesis of these policies can be traced back through at least two decades of spirited and intensive national debate. It would be a mistake to suppose that a Canadian government would be able or willing to resist the historical momentum of our country's growing determination to have the necessary amount of control over its own destiny.

Recriminatory rhetoric will get us nowhere — except into a more excited and more nationalistic home environment.

It is the reality of the Canada-U.S. relationship that two different countries can grow separately in their own ways, yet retain bonds of friendship and respect through a common heritage of basic values — the sort we have protected together in two world wars, in Korea, in Iran, in the North Atlantic Treaty Organization (NATO) and the North American Aerospace Defence Command (NORAD). Those values find their ultimate expression in the countless personal links which are the fabric of our relations. In the long run, those values and those personal links define the quality of our relationship.

Canada and the United States have followed distinct paths from the beginning. Our challenge has always been to contain and channel our disagreements so that they did not impede the steady flow of friendship. We must continue to accept this responsibility.

But we must do more. We must visualize our relationship, including our problems, in a world perspective, in a world of general turbulence in which like-minded countries are few enough that we cannot afford to be distracted from achieving together our common goals of freedom, justice, democracy, and friendship among all peoples.



Statements and Speeches

No. 81/25



NORTH-SOUTH FUTURES AND CANADA'S ROLE

A Speech by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Canadian Association of Futures Studies, Montreal, October 3, 1981

...The future of North-South relations is an issue to which the government has devoted a great deal of attention; and as you know, the Prime Minister is deeply concerned about North-South issues and the future of relations between the developed and the developing world. In my remarks I'd like to approach the subject by moving from some general comments on futures studies and on North-South trends to some specific points on North-South issues and how I see Canada's emerging role.

The focus of this conference is on North-South futures. As members of an association devoted to futures studies, your interest in global questions relates naturally to medium and longer term perspectives. However, you are acutely aware, as demonstrated in your program, that action or inaction today can have a vast influence on the shape of the world tomorrow. Perhaps at the outset you will allow me to make one or two brief comments about the relationship between futures studies and policy making.

Policy makers in governments and institutions today face pressures which tend to narrow planning horizons. Planning for the future becomes more difficult when change is rapid and its impact is increasingly immediate. There is an understandable tendency to give short-term interests more attention and protection under these circumstances. At the same time, policy makers clearly need a better understanding of the environment which we will be facing 5, 10 and 15 years away and a better understanding of the major forces which will shape that environment. Implementing projects with long lead times requires knowledge of the shape of the world into which these projects will emerge. Whether one is speaking of long-term social programs or defence procurement issues, we need a better idea of the shapes in the mist. In a time of rapid change this is not a luxury, it becomes a necessity of the first order, and yet governments and institutions quite frankly often remain ill-equipped in this regard.

**Need for
long-term
analysis**

I think therefore that there is a complementarity between those associated with futures studies and those who formulate policy. There could be a much more effective harnessing of efforts — thoughtful long-term analysis can be of immense help to policy makers, particularly in a world of rapid change. It has never been more necessary to gain a clearer idea of the long-term consequences of our actions — or of our inactions.

But much of the writing associated with futures studies today strikes me as being clustered around the twin poles of excessive optimism and excessive pessimism. Both extremes have tended to overshadow the centre. The pessimists tend to produce research which leads us to believe that the time may have already come when the forces of man and nature have created situations which are beyond control. The pessimist-futurologist philosophy might be summed up in the following lines:

"The world today is at a cross-roads. One road leads to greater hopelessness and despair, the other to utter destruction and extinction. God grant us the wisdom to choose the right road."
(Woody Allen)

The optimist school, on the other hand, appears to worship at the high altar of technology. Breakthroughs in technology are seen as providing universal answers to the ills of developed and developing countries alike. Preliterate societies are somehow to be propelled into the information age through the massive application of new technologies. The question of how this is to be done, by what means, and above all what the side effects will be, is often left unanswered.

Without wishing to be critical of futures studies in general or unfair to some of the excellent work which has been done, these recurring twin themes have in part been responsible for the fact that policy makers have not been able to benefit from futures research to the extent they could have.

I think, however, that this is changing as techniques and approaches become refined. Here I would like to pay tribute to your association, and to your conference which has chosen a specific theme for study and which has oriented the discussions in such a way that they do promise to provide useful information about possible future courses of action which will be of use to policy makers.

Disturbing trends

I don't want to give the impression that I don't take seriously the global projections contained in the various major global studies which have been published over the last ten years. There has been a general consistency in their findings. From Jay Forrester's *Global Study on World Dynamics* and the *Limits to Growth* report for the Club of Rome in the early Seventies to the recent *Global 2000* report to the President of the U.S., the message has been clear. One can argue about techniques and methodology, but on questions related to population projections, pressure on the environment, food and energy supplies, these studies point to a number of very disturbing trends which must be taken seriously. Two points in particular can be drawn from these studies — that the cumulative impact of economic, population and environmental pressures will hit the developing world the hardest and secondly, that the growing linkages and interdependencies between North and South mean that no country in the North can hope to isolate itself from these growing disturbances. North and South are firmly intertwined; our destiny and that of the South is interlinked.

I also don't want to give the impression that I entirely disagree with the optimist school. In parts of the North, we may be entering a new era as significant in its own way as the earlier industrial revolution. I would agree with the optimists that the new technologies which characterize this era have the potential to solve many of our problems, both in the North and in the South.

But the new technologies will, on the other hand, have a significant impact on the structure of employment and production in the North which will have a spill-over effect on the South. The impact on the use of the new information technologies and the so-called "smart machines" of tomorrow still remain an unknown quantity. Some estimates indicate that the "factory of the future" may require 65 to 75 per cent less

work force by the year 2000. One important European car manufacturer believes that industrial robots will slash labour requirements by 90 per cent over the next ten years.

There's a risk that the international structural adjustment process which has favoured the movement of labour-intensive and other industries from the developed to the developing world may be reversed. For example, certain manufacturing processes may no longer be able to be performed more economically in developing countries. This promise of long-term structural adjustment has provided a measure of hope for the South. The widespread use of the new technologies in the North may give tremendous advantages which the South will realize only in limited ways. The danger is that technology, if present trends continue, may serve to widen rather than narrow the gap between developed and developing countries. On the other hand, these same technologies offer great promise for development in the South if applied in ways which truly benefit development. The irony is that technology offers a potential escape from the wheel of poverty but, at the same time, it may threaten the process of global structural adjustment and a more equitable international division of labour. In my view, a central question to be tackled in the North-South context will be how and under what conditions technology will be harnessed to assist developing countries.

I wanted to make those general — perhaps slightly exaggerated remarks before addressing myself to the central point of your agenda. I'd like to turn now to examine some of Canada's priorities in North-South terms and also share with you some of my views on the North-South agenda as it is emerging.

North-South relations

North-South relations encompass a range of activities. They centre above all on questions related to transfers — to interchanges of goods, people, services, capital, ideas, technology, and power. How and under what terms these transfers should or could take place is the central issue of North-South relations.

As I mentioned earlier, growing linkages between North and South have resulted in interdependencies. Increasingly, these transfers are not only in one direction. The imbalances in North-South relations are no longer quite so acute. I think there has been a change in perception in this regard on the part of developed countries towards the reality of global interdependence which is of great significance. The recent Brandt report has helped in this regard and I think that this change in perception in itself offers a source of hope.

It is clear that large parts of the South will require direct assistance in development for a long time to come, particularly the poorest. They are least able to benefit from the application of new technologies and from possible changes in the international institutions and the trade and payments frameworks which could result from North-South negotiations. The structure of their economies is such that their most pressing needs are very different from those of the more-advanced developing countries.

Bilateral aid programs

With regard to Canada's development assistance efforts, I see Canada's aid programs continuing to focus on the poorest countries. Our contribution will increasingly be based on our own special areas of expertise, related to what we can best contribute. Bilateral aid programs will concentrate on three priority sectors: agriculture, energy

and human resources. It is in these sectors that Canadian capacities based on Canadian expertise and future needs of developing countries best coincide. I foresee a continued shifting of emphasis from traditional forms of aid — food aid and large infra-structural projects — to forms of assistance which aim at better developing human skills.

There is a real prospect of a food crisis in the 1980s. While international trade in food products may have increased dramatically in recent decades, it is disturbing to note that many nations which were previously self-sufficient in staple products — even exporters of them — have become today reliant on imports. With regard to food aid, the general thrust of Canada's new projects is to help develop the capabilities of least-developed countries to become self-reliant both in terms of food and in the various inputs into agriculture such as seeds and fertilizers — so that dependencies on agricultural imports can be broken. In 1975, 6 per cent of bilateral aid went to this kind of assistance while in 1981 the figure is 25 per cent, with plans for even greater increases.

Energy is a second priority area of focus for Canada. Approximately 20 per cent of our bilateral aid now goes into energy-related projects. Our major contributions in this regard have been in hydro-electricity and forestry, although a variety of new aid channels have been established. Examples in this regard are Petro-Canada International, an emergency balance of payments facility, and several other new mechanisms.

Two and one-half billion of the world's poorest people, the great majority of whom live in rural areas, depend for almost all of their energy needs upon wood and agricultural residues — the so-called non-commercial fuels.

Energy-related research in and for the developing countries therefore presents a considerable challenge. At present the great bulk of energy-related research is located within the industrialized countries and is directed towards their needs. There is, for instance, little work being done which has any immediate application to the small-scale, rural-oriented needs of the developing countries. And because renewable energy technology is a recent and still-emerging field of activity, many questions remain unanswered about its potential uses in developing countries. An immense amount of work is required, therefore, on technologies appropriate for use in the poorest countries.

**\$10-million
boost for
energy research
aid**

One of the new initiatives which the government of Canada is undertaking involves a \$10-million increase in our support for energy research related to developing countries. This was announced by the Prime Minister at the recent energy conference in Nairobi. These funds are being made available to Canada's International Development Research Centre so that it can undertake an intensified program in this field. I don't have to go into the reasons why energy should become an increasing priority for Canadian aid. It is simply enough to reiterate the fact that the impact of recent oil shocks on developing countries has exceeded in dollar terms the total value of development assistance from the North, a considerable sum. The impact on these economies of these added costs, together with current high interest rates, has in some cases been shattering.

I mentioned the increasing focus on human-resources skills. It has become more generally accepted that constraints on development cannot be broken unless much greater attention is paid to the development of the human factor as the primary instrument in the development process. This has led agencies like the Canadian International Development Agency (CIDA) to modify considerably the ways in which they intervene in developing countries. As a result, the percentage of the CIDA budget going to non-governmental organizations, where person-to-person relationships are usually predominant, has been growing considerably. In short, development is not only building economic infrastructures, it is the way in which the totality in interactions, economic and human, influence the direction of a society.

I have spoken about the current priorities of Canada's bilateral assistance programs — food, energy and human resources — aimed essentially at the development needs of the poorest countries. It is not these — the poorest — who are likely to benefit the most from changes brought about by negotiations between North and South, although this in itself presents a challenge to Canada, in other words, how to better orient the results of North-South negotiations towards the poorest. It is vital that development assistance continues to flow in significant quantities to these countries. One clear role for Canada is to pay particular heed to the special needs of the poorest and to try to focus attention in the course of North-South discussions and negotiations on the need to take special steps in favour of this particular group of countries.

Canada's role

Turning to North-South discussions and negotiations and Canada's role, I think that we clearly have a role to play. We can of course contribute directly by way of assistance and expertise to the South and we must constantly refine this assistance so that it is of maximum benefit. Secondly, we can help move forward the dialogue between North and South. For example, Prime Minister Trudeau, in his travels and preparations for the Ottawa Summit, attached a very high priority to North-South issues. In his view, and in mine also, there is absolutely no alternative to action.

Canada has always sought to play an active role in North-South negotiations in attempting to stimulate movement and to conciliate the conflicting views of our industrialized partners and those of the developing world.

Given the nature of our economy — our desire, for example, to play a greater role in the processing of our own commodity exports — there are a number of areas where our interests have much in common with those of developing countries. We have had to face many of the same problems which they face today.

We have, moreover, many special ties with developing countries through, for example, the Commonwealth and La Francophonie. At the same time, we are a member of the Organization for Economic Co-operation and Development (OECD) and of the Western Summit and participate in special groups such as the "like-minded" meeting of middle powers which focuses on North-South relations. To the extent that these opportunities give us increased insight into the interests of developed and developing countries alike, we are able, I believe, to play on occasion a valuable "bridge-builder" role. This role was underlined by the recent report of the parliamentary task force on North-South relations which stated that "Canada should help build bridges between

North and South. There is no message which we consider more important to convey to those who read our report." This is in fact an extension into the North-South area of a long-standing role of Canadian diplomacy in the tradition of St. Laurent, Pearson, and Martin.

**Multilateral
approach
necessary**

I have spoken about what we, Canada, can do in assisting the poorest countries. However, multilateral agreements, universally determined, remain fundamental to Canada's approach to finding effective solutions to global problems. There is no substitute for such a multilateral approach; and such an approach is, in my view, embodied in the proposal for holding "global negotiations". A large degree of consensus has been achieved on the launching of the global negotiations which are intended to deal with major issues in the fields of raw materials, energy, trade, development, money and finance.

It's important that these negotiations be launched and that they succeed. There are, of course, many different perceptions of what success represents and how it will be defined. Considerable compromise on all sides will be necessary to reach agreement on procedures and agenda. I remain hopeful that the international community will respond positively to the challenge.

If one looks back at the agenda over the past few months, a certain positive momentum has built up. The UN Conference on New and Renewable Sources of Energy, the Conference on the Least-Developed Countries recently held in Paris, and the Ottawa Summit have all served to move things in a positive direction characterized by what I would like to call — in a cautiously optimistic way — a new realism. On the other hand, there has undeniably been a hesitancy on the part of certain important developed and developing countries to enter fully into this process. But there has of late been less rhetoric on all sides, and a more business-like attitude. The Cancun North-South Summit is the most immediate item on the forthcoming North-South agenda and I hope that it will maintain and increase the momentum. But I remain under no illusions that this will be an easy task. I hope you will forgive me for saying that I believe your expectations — worthy ones, to be sure — may go well beyond the possibilities.

**Objectives of the
Cancun Summit**

There is, of course one specific issue of particular importance at Cancun — that is the launching of global negotiations at the UN in New York. While it was recognized at the preparatory meetings that there would be no formal link with global negotiations, it was agreed that a major objective of the Cancun Summit would be to facilitate agreement on them. Canada is hopeful that the Summit will prove to be such a catalyst. But, this would be a procedural, rather than a substantive, advance.

In Canada's view, the North-South Summit will be useful in focusing the attention of world leaders on pressing global economic problems and in increasing understanding of their respective interests and concerns. The Summit cannot itself take decisions on behalf of countries not present, but it can make an important statement of will and perhaps reach a consensus on priorities. This, in turn, would give political impetus to ongoing negotiations in international fora. In this regard, I will ensure that the resolutions emerging from your conference related to the North-South agenda will be

examined carefully. They will then have an opportunity to influence Canadian positions at Cancun — but it would be unrealistic for you to expect any general agreement at Cancun on your issues — or indeed on any substantive issues.

For the government to involve itself actively in North-South issues, we fully recognize that we will need the support, if not at times the initiative, of the Canadian public. To that end, we will need to facilitate their increased awareness and involvement. This is a key objective of the new Futures Secretariat, the concept for which derived in part from last year's first Global Conference on the Future which was in part sponsored and organized by your association. I am pleased that the Secretariat is now largely in place and has published its first information bulletin. At the same time, I welcome the efforts of numerous other Canadian non-government organizations, including your own, to give North-South issues and, in particular, Canada's role in the future dialogue, the attention it deserves.

This is to say, I suppose, that the future, like the present, depends entirely on people and especially on their awareness and their goodwill. If the future people of the North understand the problems of their world and are properly motivated, then I believe we can be optimistic about the future. In the long run, our best hope is that the more fortunate in worldly terms will continue to care about the well-being of those less fortunate.



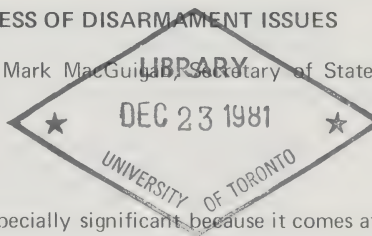


Statements and Speeches

No. 81/26

INCREASING PUBLIC AWARENESS OF DISARMAMENT ISSUES

A Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, Ottawa, October 22, 1981



Disarmament Week this year is especially significant because it comes at a time when preparations are being made for the second United Nations Special Session on Disarmament (UNSSOD II) to be held next spring.

The negotiation of verifiable arms control and disarmament agreements is a vital part of the search for international security. I have called that process a security imperative. Canadian participation in international efforts to negotiate agreements is a priority of Canadian foreign policy. The Secretary-General of the UN has underlined that the public "...must be actively interested in current negotiations if they are to produce results". Disarmament Week, initiated by the UN three years ago, draws attention to this public dimension.

The government is supporting efforts to encourage research and information activities on arms control and disarmament issues. Financial assistance is provided by a number of government departments and agencies to Canadian organizations for such activities. In the case of the modest disarmament fund of the Department of External Affairs, over 20 contributions were made during the past year and in the coming months, available funds are being channelled toward activities related to UNSSOD II. Contracts have included: the preparation of a Canadian bibliography on arms control and disarmament which will be distributed in the near future and a booklet entitled *UNSSOD II and Canada*, which is being distributed to assist those wishing to study issues likely to arise at UNSSOD II. In addition, Canada is assisting in covering the costs of the Independent Commission on Disarmament and Security Issues. Its report, to be issued early next year, will help to stimulate informed public discussion on the issues.

The *Disarmament Bulletin*, a semi-annual newsletter on national and international activities, has a growing distribution and is reaching more citizens taking an interest in complex arms control and disarmament issues.

The Consultative Group on Disarmament and Arms Control Affairs, chaired by the Ambassador for Disarmament, bring together twice a year approximately 30 individuals and representatives of non-governmental organizations.

The government has also undertaken studies. For example, the importance which Canada has attached to the subject of verification over the years has been reflected in three papers tabled in the Committee on Disarmament, the multilateral negotiating body in Geneva. They have also been distributed in Canada.

Canadian experts have participated in two UN studies being submitted to this year's

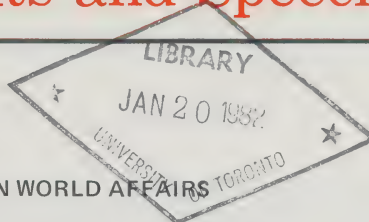
General Assembly: one on confidence-building measures; the other on the relationship between disarmament and international development. In the case of the latter, Canada is funding the preparation of a popular version of the report to be published prior to UNSSOD II.

The plans of community groups, non-governmental organizations and individuals for activities coast-to-coast during Disarmament Week are commendable. They will greatly assist in increasing public awareness of the importance of seeking limitations and reductions in the levels of armaments.



Statements and Speeches

No. 81/27



THE UNITED NATIONS' PLACE IN WORLD AFFAIRS

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Thirty-sixth Regular Session of the United Nations General Assembly, New York, September 21, 1981

Foremost in my thoughts, as I again have the great honour of addressing this Assembly, are the enormous hopes that the world's peoples have had for this organization. These hopes have constantly had to confront the grave problems and dangers which continue to threaten world peace and security and to divide the nations of the world. But I am also conscious of the accomplishments of the United Nations in the last 40 years in advancing some of our common aspirations. There is progress towards greater equity in economic opportunity. We have avoided generalized world conflict. Appalling wars have occurred, but they have been contained. The UN role in these achievements is especially significant when we consider the limitations we, as member states, have placed on its capacity to act. I congratulate our Secretary-General for his own tireless efforts over the years.

I wish particularly to place in review today the notion of the UN's place in world affairs because I am very conscious of the fact that it is almost 20 years exactly since one of his [the Secretary-General] forerunners, Dag Hammarskjöld, was killed — in the service of world peace and of our organization.

The sort of world problems of 20 years ago are a gauge for measuring how far we have come, when indeed we have come any distance at all, in our search for the truly better world we were then after. A simple judgment is not easy. The world was dangerous then and it is dangerous now. But some of the dangers today are different than they were in 1961. It requires adaptation on the part of the member states of this organization to deal with them. We are entitled to ask if it is not because of difficulties in adapting the organization to change, as well as the restrictions we have placed on the organization, that the UN's impact on world problems has not been greater.

Not all of today's dangers are different. Sadly, some of the problems then are still with us today — white minority-domination in South Africa, for example, and its continued occupation of Namibia, or the seemingly intractable problems of the Middle East. Others have appeared to work their way back into our preoccupations, such as features of East-West competition which for a time had receded from the forefront of our attention.

The challenge of change

But whatever the problems, there is a constant need to adapt to change. As I emphasized here last year, change is natural and inevitable. Our greatest challenge is to adapt to that change, not to resist it.

Many of us here are meliorists, who hold that we can encourage change for the better

and that the role of this organization is central to the promotion of a better life for all the world's inhabitants. But even if we were not, we would still wish this organization to be effective in dealing with the problems which are within its mandate and in changing to cope with threats in the world today.

Dag Hammarskjöld died in 1961, along with other devoted members of the UN Secretariat to whom I pay homage, in an attempt to assist the progress of decolonization in Africa, to preserve the territorial integrity of a newly-independent state, and to resist the designs of countries and interests from there and elsewhere who, for reasons of self-interest or nostalgia, meant to subvert the changes which were taking place. I think that Hammarskjöld died with a vision of the UN's peacemaking and peacekeeping capability which was resisted then and which has been resisted since. But at least the process of political decolonization which seized our attention in those years has now been virtually completed. And while I ask myself how many newly-independent states enjoy today the sort of economic and political security and opportunity which they so bravely expected at the outset of their struggle for independence, it is perhaps illusory to tie their development to the notion of national independence. Self-determination, yes; but in 1981, we are much more deeply conscious of our global interdependence: the interdependence of states, of economies, of peoples, and of dangers.

**Need for global
negotiating
process**

Economically, our interdependence is more authentically reciprocal. Twenty years ago, the economic relationships between North and South were much more those of the classical form of colonial dependency. The idea that most industrialized countries of the world would by now be purchasing 30 and 40 per cent of their imported manufactured goods in developing countries would have seemed far-fetched in 1961. Indeed, this interdependence in trade is an increasingly important feature of our view of international economic affairs. Its reflection in international decision-making is necessary. This, as well as our concern for equity in opportunity, helps to explain why Canada is a strong supporter of the need for a global negotiating process.

There has been remarkable progress in the economic development of many developing countries since 1961. But for many in the world, the basic conditions of life are just as impoverished now as they were then. The apparent inability to aid these people in the dimensions required is an indictment we must accept. But, sadly, we must also accept that the economic expectations many held for the world in 1961, and for the industrialized countries in particular, were exaggerated. Were these years of unprecedented boom an aberration? Do we need to live now with diminished expectations for growth in the future? If so, it is our obligation to find ways to deal with world problems within the limits of a more stringent environment now than in 1961 and to redouble our efforts, with discipline and dedication, to direct our attentions to where they are really vitally needed.

**True non-
alignment**

Interdependence and its relationship to self-determination is a global political, as well as economic, reality. We are all neighbours, and strategically so. Twenty years ago, the East-West strategic focus was mainly on Europe. Today, the risk of confrontation between the superpowers in areas normally considered to be part of the Third World is also enhanced. There is a risk of aggravating problems already anguishing enough in

terms of the turbulence and fragility of the conditions of underdevelopment and conflict indigenous to the regions in question. I call for a look backward to those contemporaries of Hammarskjöld who saw in non-alignment an opportunity for developing countries to concentrate on the problems before them without the threat of interference in their affairs from more powerful countries intent on subverting their assets to their own purposes. I say that true non-alignment is not only consistent with interdependence, but more necessary because of it.

Is it possible that in the last 20 years the nature of East-West tension has changed because the Soviet Union is today a military superpower with a capability of intervention which ranges far and wide? This capability can constitute a threat to world peace as well as to the non-alignment of countries as long as it is the instrument — in Afghanistan, as well as in Kampuchea — of cynical “realpolitik”. Let us recognize that if the strategic interests of great powers are now in fact interdependent with events in the Third World, then it calls above all for great restraint on all our parts.

Call for more meaningful UN

All these circumstances in 1981 call for a UN which is more meaningful and more relevant to global concerns and events, not less. As the challenges to all of us increase in complexity and urgency, the need for more sophisticated, agile and responsive instruments to meet them grows apace. The problems of the rest of the century and beyond englobe the ecology and use of our land, our space, and our seas, as well as the security of peoples and their rising expectations in a world more concentrated through technology — for instance, the military applications of nuclear technology. For example, in 1961, most countries here were consoled by progress being made in negotiating a nuclear test-ban treaty. It looked then as if we were headed towards a halt in the arms race. It was a brief illusion. Today, it is one of the most unequivocally disturbing features of international life, and indeed of our interdependence, that the dangers of nuclear war are now even greater. Nuclear proliferation threatens on two axes — the horizontal spread of nuclear weapons to previously non-nuclear-weapons states, and the vertical amassing of even greater numbers of weapons by the superpowers. I urge in the name of all sanity that this danger be recognized and resisted.

We must enable the institutions of the UN to be more productive, not less, and we must encourage all countries to participate actively in the pursuit of solutions in these institutions. In doing so, we can demonstrate that we wish to make them relevant and productive for the general benefit, adapted to the shape of the world today. Many of my remaining remarks are directed to prospects for development in countries which were still colonies 20 years ago and this reflects the interdependence of our interests and purposes today. But the political and economic problems of the world intersect and interact. It is important that our organization adapt itself as well through the greater sharing in the exercise of power and responsibility. Can we not ask ourselves if some of the notions of Dag Hammarskjöld with regard to a stronger UN in the interests of world peace and security, cannot today be seen as more reasonable than they were 30 years ago? It is my view that they are certainly every bit as necessary.

Afghanistan

Surely, the continued occupation of Afghanistan by foreign military forces is an

example of precisely the sort of threat to world peace and security which the UN was meant to prevent. The courage and determination of the resistance is an ennobling assertion of the human spirit against the machinery of military oppression, but the tragic facts reflect a basic fault in the notion of collective security: when a powerful country wishes to ignore UN decisions, it will feel free to do so unless its actions remain the object of continued international attention. The continued presence of Soviet troops in Afghanistan is an affront to the principles of this organization.

I call on the Soviet government to honour those principles and also the ideals of international conduct which the Soviet Union itself is pledged to follow. I ask that it respond positively to international efforts, including re-establishing a truly independent and non-aligned government in Afghanistan — a government which can reflect without outside interference the real will of the Afghan people.

Kampuchea

As the countries of the area have emphasized, the situation in Kampuchea is another such threat to peace and security. There have also been the beginnings of an attempt to confront the political issues at the root of the Kampuchean problem. We now know what a resolution of the problem must involve: a cease-fire on the ground; the supervised withdrawal of foreign troops; UN-supervised free elections and appropriate measures to ensure that elections are not disrupted by armed Kampuchean factions. Canada supports these proposals made at the international conference on Kampuchea which appear to provide necessary guarantees to all of the parties involved in the conflict. We support as well the establishment of an *ad hoc* committee to investigate and implement what is needed for the re-establishment of self-determination for the proud people of Kampuchea. We urge the member states of this organization to take this opportunity to settle their tragic situation and to promote at last a durable peace in Southeast Asia.

The self-determination sought by patriots of both Afghanistan and Kampuchea is one of the historic themes of the UN. It has been a central focus of the non-aligned movement, of which both Afghanistan and Kampuchea are members. It was also 20 years ago this month that the first meeting of the movement was held in Belgrade. I salute what the movement has done to advance the rights of newly-emerging countries.

Belize

Today, this ideal of self-determination is celebrated with the attainment of independence by Belize. This is an achievement for the UN in which Canada takes particular satisfaction as a long-time co-sponsor of UN resolutions on the subject. While Canada is disappointed that talks between the United Kingdom, Belize, and Guatemala have not led to the resolution of all outstanding issues, we are encouraged that there is a real commitment on the part of all parties to the promotion of peace in the region, which must include a final agreement on Belize. We are confident that the governments of Belize and Guatemala will settle the issues between them in a peaceful and durable manner.

Southern Africa

But if the independence of Belize represents an event to celebrate, how depressing it is to contemplate again on the agenda of this General Assembly the same issues

affecting Southern Africa that this organization has been pronouncing itself on for decades. I was speaking earlier of the dynamics of change in human affairs, and of the futility of resisting the strength of human aspiration for self-determination. But in South Africa, in 1981, resistance to change has increased. I have no doubt that justice will come for the victims of racism in South Africa, for the majority, whose human dignity is abused in an affront to us all. I sympathize with the impatience of those who shudder at abiding any longer — for another generation, another decade or two — the oppression of *apartheid*. But I counsel wisdom in choosing methods of promoting the freedom of these people for we must not let differences over tactics serve to weaken our unity in that purpose.

In Namibia, too, the intransigence of the South African government remains the sole obstacle to a negotiated settlement. Our only goal is to enable the Namibian people to gain their independence at last and the right to a free and fair election in which all Namibians can take part under UN supervision. Canada supports unconditionally Security Council Resolution 435 and the UN Settlement Plan, and we have been active, particularly in the “contact group” and with African states, in pursuing this goal.

Middle East

In the Middle East, there is also conflict, and at its centre the Arab-Israeli dispute, as old as the UN itself. We cannot afford further delay in moving towards a negotiated settlement to this generations-old conflict, in which all the interested parties must participate. Israelis and Palestinians have legitimate rights and concerns which must be taken into account. Israel's quest for security and recognized boundaries, and the right to be fully accepted by its neighbours, can be met only in a political, not a military, framework. The same holds true for the legitimate rights of the Palestinians, including their right to a homeland within a clearly-defined territory, the West Bank and the Gaza Strip.

I therefore urge all the parties concerned to summon the vision and will required to take decisions which are as necessary as they are difficult. Among the areas where progress is urgently needed, none is more pressing than measures to ensure that the Middle East will remain free of nuclear weapons.

Korea

Another early concern of the United Nations is the Korean peninsula. There, too, the Secretary-General is performing a useful good-offices role. We are encouraged by the recent initiatives by the Republic of Korea for dialogue and reconciliation without conditions, and for the greater integration of the peninsula into the international community.

Cyprus

The United Nations is also playing a valuable role in Cyprus where peacekeeping and peacemaking are proceeding in parallel under the Secretary-General's leadership. We hope that the approaches now being considered in negotiations between the two communities will lead to the just and lasting comprehensive settlement they both desire.

It is in Cyprus that the oldest and largest of Canada's present peacekeeping contingents is serving. Twenty-five years after the introduction of UN peacekeeping forces to world affairs, I see the Cyprus force as accomplishing an important role

Sea law agreement vital for world peace

encouraging us to believe in the notion of collection security through recourse to negotiation instead of conflict in the context of accepted principles of law.

There are also nations engaged in our attempt to advance the rule of law at the third United Nations Conference on the Law of the Sea. I should like to associate myself with the statement by the Secretary-General of the United Nations made at the opening of the tenth session of the Law of the Sea Conference on March 9, when he said: "Apart from the achievement of the specific objectives of this conference, I attach the highest importance to the impact which its success may have in strengthening the role of the UN in finding viable solutions to great global issues." I wish to emphasize that the conference is not merely an attempt to codify technical rules of law. It is a resource conference. It is a food conference. It is an environmental conference. It is a maritime boundary delimitation conference. It is a territorial limitation and jurisdictional conference. It is a transportation, communications and freedom-of-navigation conference. It is a conference which regulates all the uses of the oceans by humanity. Most importantly, it is a conference which provides for peaceful settlement of disputes concerning the oceans. It is, in other words, a conference dedicated to the rule of law amongst nations.

The third United Nations Conference on the Law of the Sea ranks in importance with the San Francisco Founding Conference of the UN itself. It represents an extremely important element in the North-South dialogue. It has significant implications for peaceful East-West relations. It touches on the interests of every state, great or small, rich or poor, coastal or land-locked. The achievement of a universal agreement on a law of the sea convention is fundamental to world peace and security.

Arms control and disarmament

Of course, international peace and security, as well as development, freedom, and life itself, will ultimately depend on whether we can successfully work towards arms control and disarmament. Security can be consistent with lower levels of armaments and expenditures. The coming Special Session on Disarmament must point the way to more concrete progress than in recent years if credibility is to be maintained. Deliberations on disarmament at this General Assembly can be of crucial importance in preparation. The remarkable consensus reached in 1978 needs reaffirmation and further direction. It is true that the international climate is less favourable today. At the same time, we cannot ignore the growing impatience of the world's peoples with the lack of progress towards verifiable arms limitation and disarmament agreements. Our efforts on their behalf should take into account the situation as it is in covering realistic proposals which have some substantive chance to effect change. The Canadian government recently reaffirmed the validity of the concept of the strategy of suffocation mentioned in the final document of the First Special Session on Disarmament. Embracing that strategy are Canada's priorities on preparations for the Second Special Session. They are: (a) to encourage the continuation of the Strategic Arms Limitations Talks process; (b) to promote the realization of a multilateral comprehensive test-ban treaty; (c) to assist in the preparation of a convention on the prohibition of chemical weapons and on their destruction; (d) to promote the evolution of an effective non-proliferation regime based on the Non-Proliferation Treaty; and (e) to participate in negotiations to limit and reduce conventional forces. Canada is committed to breaking the pattern of madness which spiralling rearmament repre-

sents, and these priorities will guide our endeavours to fulfil this commitment.

I have spoken about the far-reaching quests for peace, self-determination and development. These are the forces by which pervasive change can be channelled in positive directions. They are as new as today and as old as humankind, constants amid change. They have found eloquent expression in the ideals of our Charter, and I urge our re-dedication to them.

Human rights

But there is none so pervasive as the quest for human dignity for the individual and his rights. That is why the United Nations enshrined in its Charter, as a primary objective, the promotion and encouragement of respect for human rights and fundamental freedoms. There has been the development of several important human rights instruments since — most noticeably, the Universal Declaration of Human Rights. In its stewardship of implementing the provisions of the Covenant on Civil and Political Rights, there is the expert and responsible role of the Human Rights Committee. It is as an example of the ability of the international community to promote internationally-recognized standards.

The Covenant on Economic, Social and Cultural Rights is an equally significant covenant needing serious and expert review.

There are areas in which international standards have yet to be established. We applaud the placing before this Assembly for adoption the Declaration on the Elimination of all Forms of Intolerance and of Discrimination Based on Religion.

But while we welcome the continuing development of international human rights standards, we are deeply conscious that despite these, the grossest of abuses occur; the lives, freedom and integrity of innocent persons are constantly swept aside in the name of one cause, or power struggle, or another. If the United Nations provides relief unhesitatingly to the victims of natural disasters, how can we do less when the crises are man-made?

The United Nations has the means to respond. It can, for example, employ the good offices of the Secretary-General; it can provide for the urgent dispatch of a special rapporteur or a mission of enquiry. All that is needed is the will to act in providing protection for those individuals or groups whose situation has become perilous in situations of social breakdown.

On the subject of human rights and massive exodus, Canada welcomed the adoption of its proposal to appoint a special rapporteur. We trust that the experience of Prince Sadrudin Khan in that role will lead to adoption of a report which provides insights into how the United Nations' organizations and member states can together prevent refugee situations from reaching existing proportions. We believe that report should provide an impartial basis for examining broader aspects of international refugee problems including, for example, the proposed initiative by the Federal Republic of Germany regarding international guidelines for preventing massive flows of refugees.

Even in more tranquil situations, there is work to be done. This is the International Year of Disabled Persons, to promote the rights of more than 500 million disabled people throughout the world to full participation and equality in a barrier-free world.

And there is the position of women, in all countries, and the need to improve their condition, socially and politically, and to promote the equality of women with men. An important step in this direction is the recent entry into force of the Convention on the Elimination of All Forms of Discrimination against Women.

New states

But if collective world concern for individual human rights, and for organized efforts to promote the rights of women and the specifically disadvantaged are important recent phenomena, the emergence during the last 30 years of some 100 sovereign states must be counted as one of the most significant changes the world has ever seen. Dag Hammarskjöld was of course centrally involved in the process of assisting these new states to enter into the life of this institution. This was a period of birth and hope. But for many of those new states, perhaps for most, this hope was quickly tempered by the economic realities which faced them.

One reality which was evident immediately to the new states was that any economic interdependence which then applied was heavily skewed on the side of dependence and vulnerability for them. It was an asymmetrical relationship. The developing countries were acutely aware of this, but the developed world was not. That has now changed. I think that the change in perception on the part of developed countries towards the reality of global interdependence is of great significance, even a source of hope.

Developing-countries and world trade

The growing realization that to an increasing extent our economic futures are linked, can spur us towards solutions. The Brandt report has, I think, contributed in this regard. In particular, there has been an increased awareness of the contribution of the developing countries to the over-all world economy. It is now projected that between 1980 and 1990, developing countries will account for more than a quarter of the increase in world trade. These statistics mask, of course, important differences among the various developing countries most involved as well as the relative impact of these changes on individual economies. But they do indicate that developing countries are moving closer to the centre of the world economic stage.

Interdependence also has a price. It tends to make all nations more vulnerable to shocks from the outside and from forces beyond the control of national governments. It is therefore of paramount importance that the international institutions which provide the frameworks for the international economic system function effectively. If they do not, if they become deadlocked and divided along bloc lines, or if they become hostage to narrow interests, then the international economy will suffer. Under these circumstances, interdependence becomes a liability and all states suffer.

Inflation, high interest rates and sluggish growth pose real problems for the industrialized countries. The constraints on export growth and financing are mounting in the middle-income developing countries. It is, however, the low-income countries — particularly, the least developed — which are the most vulnerable and whose prospects

are the bleakest. Whether oil shocks or high interest-rate shocks, they have suffered most.

Energy and food needs

The rising prices and diminishing supply of conventional petroleum reserves have had a major impact on all of us, but the impact of the two oil shocks of the Seventies has had a disproportionate effect on the developing countries, setting back the development plans of many of them. Canada agrees that a high priority in international action should be accorded to their energy needs. It is because energy is central to development that Canada supports the expansion of World Bank energy lending, including through a new energy affiliate if this were eventually feasible, to assist developing countries in their energy programs.

In Canada, we have responded to this need by creating a new development assistance arm of our national oil company — Petro-Canada International — devoted to aiding oil-importing developing countries in the mobilization of their own energy resources, particularly hydrocarbons. Effort and imagination must also be used to seek out ways of assisting developing countries in non-petroleum sources of energy. The recent Conference on New and Renewable Energy Sources was important in this respect, but represented a single step on a long and difficult road.

Just as Canada's economic structure and expertise favours development assistance in the energy area, so we also intend to make a major contribution to helping improve agricultural production in developing countries. While international trade in food products has increased dramatically in recent decades, many nations which were previously self-sufficient in staple products — and even significant exporters of them — have become today reliant on food imports, particularly food grains. There is real prospect of a food crisis in the 1980s and urgent international attention is needed on this problem.

Trade answer to poverty

I've spoken of energy and food — areas where Canada can make a unique contribution — but I would like also to say a brief word about trade. For it is perhaps trade which, in the long run, offers the best promise of escape from the wheel of poverty for many countries.

Developing countries have seized important new opportunities to increase trade among themselves. But northern markets continue to be crucial, and future prospects for expanding North-South trade will depend to a large extent on the ability of industrial countries to develop effective adjustment strategies which can maintain a reasonable rate of economic growth employment. In fact, the relative significance of North-South trade has grown in recent years compared with trade just among the industrialized countries. Now, a number of the most advanced developing countries represent the potential trade partnerships of greatest opportunity for many developed countries. All countries will benefit from an open, universal international trading system, and Canada will continue to promote this goal. This would be our focus at the proposed ministerial meeting of the General Agreement on Tariffs and Trade in 1982.

The export prospects of developing countries are also an increasingly important factor

in the health of the international payments system and of international banking. For the foreseeable future, developing countries will continue to need substantial external finance, whether in the form of private investment, of commercial loans or concessional loans and grants. While private banking continues to play a major role in recycling, the international financial institutions must be increasingly involved. We support renewed effort by the International Monetary Fund and the World Bank in this direction. But for many of the low-income countries, the ability to participate in the expansion of world trade is limited; so is their access to commercial credit. If poverty in these countries is to be attacked — and social justice demands this — then greater amounts of concessional assistance must be directed to them. There is no way around this issue: development assistance is vital, urgently needed, and the world is not providing enough of it.

**Progress made
at Paris con-
ference**

The recent Paris Conference on the Least Developed was an important contribution to progress. Widespread consensus was achieved among the international community for the setting of objectives to be pursued by recipients and for the projections from donors of significant additional official development assistance in real terms during this decade. Taken together these hold promise for advancing substantially the development of states most in need.

The substantial new program of action adopted in Paris not only set an important course for achieving progress with respect to the least developed but provides a guide for approaching vitally needed interaction between developed and developing countries on a range of subjects on the North-South agenda. Key portions of the substantial new program of action became known as the "Canadian compromise". Canada was pleased to be associated with these vital conclusions because they demonstrated that constructive agreement can be reached on a subject of vital importance to the developing. In keeping with the role my country played in Paris, I urge that the momentum and techniques generated there be pursued during this Assembly and during other international meetings addressing relations between developing and developed.

**Canada increases
pledge**

As a result of the Paris achievement, which Canada helped to create and in the context of translating that achievement into concrete reality, I am pleased to announce that Canada will devote 0.15 per cent of gross national product as official development assistance to the least developed in the coming years.

This pledge is in the context of the announcement I made at the eleventh Special Session on Development last year that Canada would reverse the trend of previous years and increase our official development assistance to ensure we are soon at 0.5 per cent of GNP as part of an effort to reach 0.7 per cent by the end of the decade. I am pleased that we have remained on that upward track.

I spoke earlier of the fact that interdependence means that international economic co-operation is not a luxury. It is a vital necessity without which interdependence becomes a liability.

We must look towards deeper global economic co-operation, yet solutions to world

economic problems will not always be globalized ones. The progress made at the high-level meeting of developing countries in Caracas last May is a case in point. Relations with developing countries were the major focus of a number of high-level consultations among industrialized countries — in particular the June ministerial meeting of the Organization for Economic Co-operation and Development and the Ottawa Summit. I want to take this opportunity to briefly report to the Assembly on the latter meeting.

Ottawa Summit

The Summit devoted considerable time to the issue of economic relations between developed and developing countries and, in the communiqué, the leaders agreed on a joint statement reflecting these discussions. They underlined an appreciation of the magnitude of the problems and a common readiness to help respond to them. Overall, the message to our developing-country partners signalled the following:

- respect for independence and support for genuine non-alignment;
- commitment to co-operate in a spirit of mutual interest and interdependence;
- support for closer integration of developing countries into the international economic system, as well as support for their efforts to promote development within the framework of their own social values and traditions.

Moreover, we sought at the Summit to address the key problems of energy, food, trade and finance in a positive and constructive way. We pledged to maintain substantial and, in many cases, growing levels of official development assistance, the major portion of which will be directed to poorer countries. Of signal importance was our affirmation at the Summit to participate in preparations for a process of global negotiations. It has been encouraging to me that both developed and developing countries have expressed their appreciation of the results of the Ottawa Summit.

Another important initiative in North-South relations this year will be the Summit at Cancun. We hope that the Cancun Summit will foster understanding of the key North-South issues and give political impetus to their resolution in whatever fora may be appropriate. We do not see the Summit as a substitute for global negotiations — no non-universal forum can be. But we do see it as a catalyst for them. And while the nature of the North-South Summit precludes participation by all of the interested parties, we welcome the link with the United Nations as represented by the presence at Cancun of Secretary-General Waldheim.

While admitting the value of summits, however, universally-determined multilateral agreements remain fundamental to our search for effective solutions to global problems. For this reason, a large degree of consensus has been reached on the launching of global negotiations. While admitting that compromise on all sides will be necessary in that process, I believe there is new willingness to face this challenge. Preparatory discussions will resume during this session, and I pledge Canada's determination to work for a successful outcome.

Task force on North-South relations

Within Canada during the past year, we have taken a number of steps to enable us to play a more active and constructive role in international co-operation in these vital areas. A Parliamentary Task Force on North-South Relations tabled a major and

invaluable report. It advocated strongly that Canada continue to play an active North-South role, based on the principles of mutual benefit and humanitarianism, and made a series of constructive recommendations relating to energy, finance, trade, food and development assistance. Our government has been pleased with the broad support the report has received and with the increased public awareness fostered by the work of the Task Force.

Parallel to the work of the Parliamentary Task Force, and drawing on it, the Canadian government also conducted a review of North-South policy. We have affirmed a number of fundamental issues, including a recognition of interdependence, the need for harmonization of external and domestic policies which have an impact on developing countries, the need to employ a variety of instruments to meet the needs of developing countries, and greater integration of the South in the international economic system.

Call to action

As nations we must acknowledge that not only our economic concerns, but many of our political, social and economic problems are fundamentally international in character. In a world of constant change, the problem of reconciling the fact of interdependence with the imperative of self-determination is one of the biggest challenges facing policy-makers today. But our recognition of the complexities of interdependence, and of its consequences in all aspects of national life, must not be a cause for despair, but rather a call to action. We must take up the challenge of adapting and developing international institutions, and our national perspectives, to these new realities and to the reality of change itself.

Institutions themselves, no matter how they are strengthened, are not enough. What is essential is the determination — on the part of all countries — to make these instruments effective. Governments, whatever their particular national perspective, must summon the resolve necessary to confront the pressing international problems of today. To do this requires a shared confidence that, only through international co-operation, can we obtain security, stability and justice in the world.

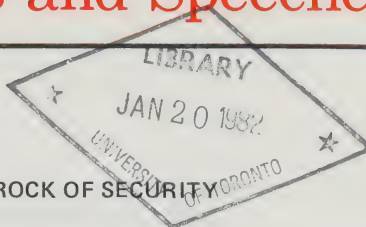
Canadians have that confidence. We shall dedicate our efforts, not only here in the United Nations, but wherever these problems are addressed, to working to overcome these problems of international scope which touch the lives of us all.

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Statements and Speeches

No. 81/28



NORTH ATLANTIC ALLIANCE A BEDROCK OF SECURITY

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, in his Capacity as Honorary President of the North Atlantic Council Ministerial Session, Brussels, December 10, 1981

...We are meeting today at a critical period in the history of the [North Atlantic] Alliance. The maintenance of an effective deterrent has never been more important — yet, significant segments of our publics, particularly young people, have become confused about the necessity for defence and disillusioned with the concept of deterrence. Worse, many of them simply do not believe that the North Atlantic Treaty Organization (NATO) is treading the path of peace. Some even believe that a nuclear war would somehow become more likely if the Theatre Nuclear Force (TNF) modernization decision is implemented.

We hear within our countries loud voices in denunciation of NATO's nuclear defences. We see street demonstrations directed against the TNF modernization component of our December 1979 decision. There are demands that NATO should forego its modernization plans regardless of whether the Soviet Union accepts corresponding reductions in its nuclear forces. At the same time there is all too little awareness of the arms-control negotiations component of the same decision, or of the awesome nuclear weapons of the East.

Need to communicate

It is all too easy to discount this body of opinion as a vocal and bothersome minority. These concerns and apprehensions may be limited to a vocal minority but they are nonetheless serious. The existence of such concerns suggests to me that we in NATO must face up to the fact that there is a need for us all to do a better job of communicating with the public. We should make a more determined effort to inform those who have become disoriented in the stress of the nuclear era and who need to be reminded of the essential role our Alliance plays in safeguarding our societies from intimidation. We need to speak also to those for whom the North Atlantic Alliance is an institution created long ago, for purposes and reasons which are for them ancient history.

In speaking to our own peoples, including our youth, we need to remind ourselves of our origins, to reaffirm our faith in what we stand for and to recognize with clarity the challenge we face.

We can be proud of our achievements. For more than 30 years, this Alliance has been successful in doing the job it was created for: it has preserved the peace in Europe and has deterred Soviet expansion in the NATO area. It has, in fact, given Europe the longest period of peace it has known in this century. It has also proved its worth as a highly developed forum for political consultations and crisis management. Beyond that, it has fostered growing co-operation in a variety of defence-related fields on the basis of shared interests and values.

We, in this Alliance, have been able to preserve peace until now because we have maintained a credible deterrent capability and the transatlantic bridge on which the essential solidarity of this Alliance rests. These ingredients of success in the past will continue to be the keys to the success of our enterprise in the future.

All this is cause for justified satisfaction but not for complacency at a time when segments of the public have lost sight of the Alliance's role. It is not enough to recall the past. Today, we must get across the message that we in this Alliance stand for peace. We must get across the message that the purpose of our weapons, nuclear and conventional, is to prevent a war, whether it arises by miscalculation or design, not to fight one.

The East-West situation has been perceived by many as more or less stable over the past decade. For a while, we seemed to be building bridges with the East. We lived in the decade of *détente* — the superpowers were talking to each other about limiting strategic arms, and negotiations began on the mutual and balanced reduction of conventional forces.

However, during this same period, the Soviet Union has been quietly but resolutely building up its nuclear and conventional forces. It has shown by its invasion and continued occupation of Afghanistan that it is prepared to resort to military force in pursuit of what it considers to be its national interests. Unfortunately, the serious implications of these developments were not perceived among large segments of our people. To them, *détente* gave the promise of reversing the nuclear arms race. Now they mistakenly imagine that it is our modernization decision which threatens *détente*, rather than Soviet missiles, the Soviet occupation of Afghanistan, and Soviet pressure on Poland. In truth, the peace movement is more a product of fear than of logic.

**Disarmament a
matter of
bargaining**

We must do a better job of addressing these fears. We must convince our publics that unilateral disarmament increases rather than reduces the risk of war. We agree with the peace movement that the nuclear arms race can and must be arrested. They should be assured that we are not trying to match the other side one for one and that we are not seeking military superiority but greater security at the lowest possible level of armaments, nuclear and non-nuclear. We should do all we can in our communiqués and with the communication resources of the Alliance to show that this is an essential purpose for us. The fears of the peace movement need to be addressed, but the real campaign for nuclear disarmament has to be waged at the bargaining table.

All of us warmly welcomed President Reagan's statement on November 18. Canadians were impressed by the comprehensive approach taken by the President on the broad range of arms-control issues, including his announcement that the United States was prepared to resume negotiations on strategic weapons early in the new year. They also welcomed the opening of negotiations in Geneva last week. The President's statement went a long way towards removing the unease and anxiety about the Alliance's commitment to arms control.

As leaders of the Alliance, we all need to exercise great care lest there be misunder-

standing of our fundamental desire to avoid war. Our peoples need reassurance that for us, all war is anathema — not just nuclear war, but all war.

Of course we must bargain from strength. There must be no backing down from our resolve to counter the Soviet threat. We have, however, now shown more clearly to all who desire peace our alternative to unilateral disarmament.

All of us attach the greatest importance to the Geneva negotiations. The United States has entered these negotiations with the heavy responsibility of representing the interest of its partners. All of us have been impressed by the intensity of the consultations in the Special Consultative Group in preparation for these negotiations. They are a clear reflection of the United States' commitment to Allied interests as well as the common desire to achieve effective agreements.

**NATO approach
must be constant**

We need now to maintain a sense of momentum in arms control as an integral part of efforts to improve NATO security. We must be constant in our approach, not only in our public utterances but also in our willingness to negotiate in all areas — TNF, strategic arms reductions, and mutual and balanced force reductions. Above all, we must maintain our solidarity. Without it, the Soviet Union would not have been brought to the negotiating table, and success there will not be possible unless Alliance solidarity is maintained in complete support of the 1979 two-track decision.

One lesson that emerges from the most recent events is that, beyond the already enormous technical problems to be overcome in the arms-control negotiations, the most important element for their success is to establish a sufficient degree of shared interest based on mutual confidence. It will take both sides to establish the basis but we must be sure to do everything in our power to bridge that gap rather than to widen it. In this context, I hope that a meeting between President Reagan and President Brezhnev, which has been approved in principle by both sides, will take place as soon as there are prospects for success and the necessary preparations can be completed.

We can also do more to demonstrate that ours is not just a military alliance — that it is a community of like-minded peoples defending commonly held principles, pursuing common objectives and promoting the widest possible co-operation in the interests of greater stability and welfare. In this context, may I add that it is a matter of gratification to me, as I am sure it is for all of us, to be able to anticipate the enlargement of this community by the admission of Spain to our Alliance.

**Other develop-
ments**

I should like now to refer very briefly to some of the other important developments.

In the past year, we have re-invigorated our political consultations at ministerial level, and I trust we will continue this successful experiment. We have also developed a new technique of contingency planning within NATO which has proven very effective.

I should note also that we have taken a significant step in recognizing explicitly, as we did at our last ministerial meeting in Rome, that developments in other parts of the world outside the NATO area may also have important implications for our

security. The instability and upheaval in the Third World offer temptations for outside interference which must also be destabilizing in a world in which security is indivisible. It is imperative, therefore, that we continue to insist on respect for the principle of non-interference: to recognize the non-aligned status of states; and to contribute to improvement of economic and social conditions in the Third World.

Solidarity, even among like-minded peoples, cannot be taken for granted; it must be constantly renewed in recognition of the fact that people living in different places are bound to have differing perceptions and differing styles. Our common task — and one to which Canada attaches particular importance — is not to pretend these differences do not exist but to go about bridging them. This task becomes the more important in current circumstances of international tension, when the security, stability and integrity of each one of us depends as never before on the solidarity and co-operation of all.

Until the still far-off time when a general system of collective security through the United Nations can be successfully established, a goal which continues to elude the world, the North Atlantic Alliance will remain the bedrock of security for all of us. We must, therefore, renew our determination to work together with common purpose to achieve peace for ourselves and for the world.

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No. 81/29

EDUCATION AND WORLD PROGRESS

An address by Marcel Massé, President, Canadian International Development Agency (CIDA) to the 1981 Convention of the Canadian Education Association, Saskatoon, September 25, 1981

...There are two main themes I would like to discuss with you today. One is the role of education as a factor in whatever progress is being achieved currently in the world — specifically in the developing countries, where most of our fellow humans live, and where most of the world's unmet human needs continue to exist, year after year, generation after generation. The other theme — which is of the utmost importance, in my opinion, at least — is the question of development education within our schools, the matter of just how much our own children will learn about such huge topics as the Third World, international development, global hunger and poverty.

World progress

Lord Melbourne once commented to Queen Victoria: "I don't know, Ma'am, why they make all this fuss about education." Since Melbourne's time, we have made a great deal of progress in the field of education — perhaps because we have continued to make a great deal of fuss about it. No two people seem to have exactly the same idea about what it is, or how it takes place, or what it's good for, but everyone wants it — especially for their children.

Look at it worldwide and you can prove that we are both winning the race and losing it. Immense efforts are being made: in the developing world, enrolment in primary schools doubled between 1960 and 1975, and the number of children aged 6 to 11 not enrolled in schools dropped, according to the United Nations Educational Scientific and Cultural Organization, from 212 million in 1970 to 121 million in 1975. For the first time, more Third World children in that age group are in school than are out, and for the first time, too, there are more literate than illiterate people in our world. That is not just progress — that is history, of the best kind, being made in our time, almost unnoticed.

And yet — there is another side of the coin. Even while these percentage gains were being made, there were more illiterate people in the world each year. Between 1960 and 1970, in the underdeveloped world, the absolute number of illiterate men rose by 11 million — and for women the increase was an appalling 44 million! And I have only touched on a few quantitative measures, but we all know that many qualitative factors profoundly colour the picture.

Educational systems in many developing countries are based on absurdly inappropriate colonial models, or are grossly underfunded, or both. We have all heard about the mismatch between education systems and real needs in many countries, which results in unemployment for thousands of graduates who have fought their way to the top of the educational pyramid, while national development is strangled by the lack of skilled technicians and managers and other specialists in crucial areas of the

economy. We have all heard of the brain drain from the Third World, sparked partly by the opportunities discovered while training in donor countries — and if we have come to know one of the individuals involved, we probably have some insight into the powerful personal motivations at work and can understand how individual aspirations can clash with national needs.

And beyond all this lie such troubling questions as whether schooling, in our rather rigid sense, and education in its essence, are necessarily the same things, or whether they are sometimes in conflict. Contemporary critics, such as Ivan Illich and Paulo Freire, may be too sweeping in their attacks, but their scathing analysis has hit many nerves among educators and has revealed a great deal of futility and irrelevance in traditional approaches — particularly when we remember that there will never be enough wealth and resources to deliver our style of education to all the world's children.

**Progress has
been made**

Nevertheless, it remains a basic truth that some progress has been won painfully over the past 30 years and that the people of the Third World have managed, despite cruel handicaps and countless failures, to raise the average standard of their lives to a higher level than before. The most convincing evidence is the fact that people there are living longer: diseases have been controlled to some extent, sanitation has been improved, infant mortality rates dropped by about 20 per cent in the 1960s and 1970s, and over-all life expectancy in the developing world increased in those two decades by as much as it did in the developed countries in a century. An important milestone on the road of world progress was reached recently when the World Health Organization declared that deadly smallpox had been eliminated from our world — because nations worked together intelligently to overcome one of the age-old enemies of life through a worldwide campaign.

I think it is of great importance for us to recognize the crucial role that education plays in all aspects of development. Whatever the twists of an individual's life, the people of the Third World know that all things considered, education offers their best hope for a decent job, even if it only allows them to compete for the limited amount of employment in their country's modern sector. We have learned, too, that education is essential beyond the modern sector, among the mass of the people as they try to meet their basic human needs — because people who understand writing and numbers are better able to learn new farming techniques, or new methods of sanitation and health care, so they can create a better life out of the resources that are actually available to them. One of the most effective ways to cut dangerous rates of population growth, in fact, is to teach women to read and write; when they learn that there are better ways to live, change becomes possible. Perhaps the real key to development is the transforming effect of education on the individual: illiteracy retards self-development, reduces the individual's contribution to the community, and makes a human being dependent and vulnerable to exploitation — but education *enables* the individual, unlocks hidden talents and capacity, and taps the potential for self-reliance. I want an education, said a Third World child questioned by a Western journalist, so I can stop being only the shadow of other people and become a real person myself.

When the work began

Of course, a lot of effort has already been put into Third World education by government and by voluntary groups, and a lot of progress has in fact been achieved. From a Canadian viewpoint, the story of this educational co-operation begins more than a century ago with the work of pioneering missionaries, but a convenient starting point for the modern period is the early 1950s, the Colombo Plan era, for it was in 1951 that the first trainees came to Canada under government auspices, and in 1955 that the first Canadian teacher went to Asia. Through the 1960s the number rose, the Canadian University Service Overseas emerged as a major channel for educational aid, and the focus shifted to Commonwealth and Francophone Africa, where the shortage of trained educators was most severe.

Overseas service by Canadian educators posted in the Third World has declined — though not necessarily their influence, because while the developing countries have stopped asking CIDA for classroom teachers from Canada, they instead seek Canadian experts in teacher training and curriculum development and specialized technical training.

Our scholarship and training awards for talented citizens of Third World countries have likewise been transformed — partly by linking training in Canada much more closely with the specific needs of CIDA-sponsored development projects, and partly by switching much of our activity into third-country arrangements, which means that we finance a person's training either in the home country or in another developing country, usually within the same region. This plan has the considerable advantages of reducing culture shock and readjustment problems, providing courses more relevant to the students' future working conditions, and strengthening national or regional training centres in the Third World.

Over the years, Canada has sponsored a great diversity of educational projects in the developing countries — from the Accra technical trades training centre in Ghana, co-ordinated by the Saskatchewan Department of Education, to the Thailand comprehensive schools project, assisted by the University of Alberta; from teacher training and university extension centres on small Caribbean islands, to films to help rural people in Africa learn how to protect their basic health. I am confident that all these efforts have been worthwhile and have indeed made things better than they would otherwise have been. We have reached the stage, in fact, where in our dealings with developing countries, we often encounter a generation of officials and leaders, including at least one prime minister, whose careers were shaped by a training in Canada or through Canadian-sponsored education projects.

Specialized training limited

One troubling cloud on the scene should perhaps be given some thought. The Third World still needs access to many forms of training only available in the industrialized countries. This legitimate need is one of the factors that should be weighed carefully as Canadian educators cope with the problems of international student mobility — or in other words, as we make decisions about the differential fees that could deny Canadian education to many Third World students, except for the income elite, thus limiting access to specialized training vitally needed for development.

An important part of Canada's effort in educational assistance to the developing

countries has been initiated and run successfully outside the bounds of our official aid program, though often with CIDA's support and admiration. The 200-plus Canadian voluntary agencies and non-governmental institutions committed to international development are doing a remarkable job, carrying out several grassroots education projects each year, many of them highly innovative. One that has attracted attention recently is the Developing Countries' Farm Radio Network, sponsored by Massey Ferguson and the University of Guelph with financial help from CIDA. Through it George Atkins, a former CBC farm commentator, gathers practical farming tips and sends tapes to hundreds of radio stations in most of the developing countries to add to extension programs and enrich farmers' knowledge.

Project overseas

Among the hundreds of other examples that could be given, I would like to single out the work sponsored by the Canadian Teachers' Federation (CTF). Since the beginning in 1962 in Nigeria, Project Overseas has given several hundred Canadian teachers first-hand knowledge of the developing countries. Through Project Overseas and a variety of other initiatives, the CTF has contributed significantly to improving both the professionalism of teaching in Africa, Asia and the Caribbean, and to Canadian understanding of the wider world. CIDA is proud to have played a supporting role, and I certainly hope that this creative co-operation will continue and will yield still more new ideas and fresh approaches in the years ahead.

Universities' role

I would also like to note with pleasure that Canada's universities and colleges have a long record of support for and active participation in Canada's international development efforts, both as contractors carrying out many projects for CIDA, and as independent actors initiating their own projects. So major in fact is the role being played by a growing number of universities and colleges that it was a factor in our recent restructuring of CIDA's Non-Governmental Organizations program, so that more attention could be paid to this sector.

Canadians, then, have made and are making important contributions to educational progress in the world, through many channels. But it is an uphill path, and experience is always changing our perceptions of the goal and how to reach it. One of the many lessons we have learned about international development is that there are better ways of helping than trying to reproduce our systems in 100 Third World countries. The developing countries are now asking for specialized types of assistance, and in the educational field Canada has responded by changing to a more effective, concentrated kind of help. This means, of course, less chance for the average Canadian classroom teacher to make a personal contribution through overseas service on a CIDA assignment. But it is a change we should welcome, because it reflects a growing ability of the developing countries to meet their own needs, to educate their own people.

The future

Where do we go from here? What lies ahead? Clearly, we still need intelligent experimentation and innovation about what people learn, and how, and why. The result should be better education in the developing countries, and maybe in our own country as well. To meet the problems we have identified in this field, CIDA has done two main things in the past few years. As already mentioned, we have modified the kind of educational aid Canada provides, shifting the emphasis to teacher training, relating our help to manpower needs, supporting third-country training, encouraging

regional co-operation, and offering support for non-formal education. Meanwhile, we have also rethought the whole field, to take into account the massiveness of need, the relative scarcity of resources, and the prior claim of the world's poorest countries and peoples.

I believe that the future of our involvement in Third World education lies in non-traditional directions. We must guard against the subtle temptation to impose our own values and systems on their emerging concepts of education, because by doing that we could cause a great deal of harm, in terms of both cost and culture. We could lead them into ruinously expensive attempts to replicate Western structures, in which each school built would consume so much of the meagre educational budget that it would in reality deny education to thousands of people. And we could substitute the powerful values of our Western culture for the indigenous values of the people who must live their own kind of development, thus undermining their cultural integrity. We must not underestimate our own capacity for causing havoc. "Soap and education," said Mark Twain, "are not as sudden as a massacre, but they are more deadly in the long run."

We should not seek to give education to anyone, but with sensitivity we can enter into helpful association with them as they work out the kinds of education that will meet their true needs as they see them. We can make available our full range of learning resources to help the developing countries carry out several essential efforts — planning that emphasizes the full range of learning opportunities, not only schooling; curriculum development based on the reality of life in the country concerned and on the idea of learning as a life-long process; and creation of a basic education system that can realistically be made available to most of the people and that will give them at least the minimum base needed for participation in their society and for further learning opportunities.

These are the directions that I think Canada's educational assistance to the developing countries will likely take in the 1980s. The opportunity to help create new types of education that will enhance the lives of millions of underprivileged people is obviously an exciting one to those who are interested in education.

I will offer just a few more thoughts on my first main theme, the role of education in world progress.

Education key to development

I believe that we are at the beginning of a renewed emphasis on education as a key factor in development. Analysis by the World Bank has given fresh evidence that social investments, such as in education, often yield higher rates of return than those in sectors thought to be more directly related to economic growth. Canada's own choice of priorities in world development, by emphasizing social development and help for the poorest, have prepared the ground for new initiatives in educational co-operation. And my personal reading of the over-all trend in development co-operation is that, on the basis of what we have learned over 30 years, we have left behind the early, simplistic economic model of development; have progressed through a decade of growing insight into a social model of development; and are moving further in this direction towards a deeper and more complete understanding that I

would describe as a cultural model of development. In this phase of our understanding of the development process, I believe the emphasis will be on the effect that development has on people's lifestyle and attitudes, on their levels of health and education, on their ability to shape their lives and their relationship with their environment. We will need to break new ground in understanding people, their behaviour and their ideas, and the planners and experts involved in our co-operation efforts will need to be much better prepared. As we work toward forms of co-operation that answer more profoundly the cultural needs of developing societies, education will certainly be, in many senses, the key factor. Our aid program will needs, urgently, the help and the expertise of Canada's educational sector.

Development education

I could go on indefinitely on the themes of Third World culture and education as a vital part of world progress, because my mind and my heart both tell me they are at the core of human experience, past, present and future. But instead I shall take just a few more minutes of your time to look at the other side of the educational coin, the place that world development has, or should have, in our own education system.

Development is a new theme, or issue, or subject in world affairs. It is most of what is happening to people in the second half of our century. If our education is to have the global dimension that gives coherence to all its other elements, it surely cannot ignore the Third World. Educational progress will be an illusion if our young grow up ignorant of how three-quarters of their species live.

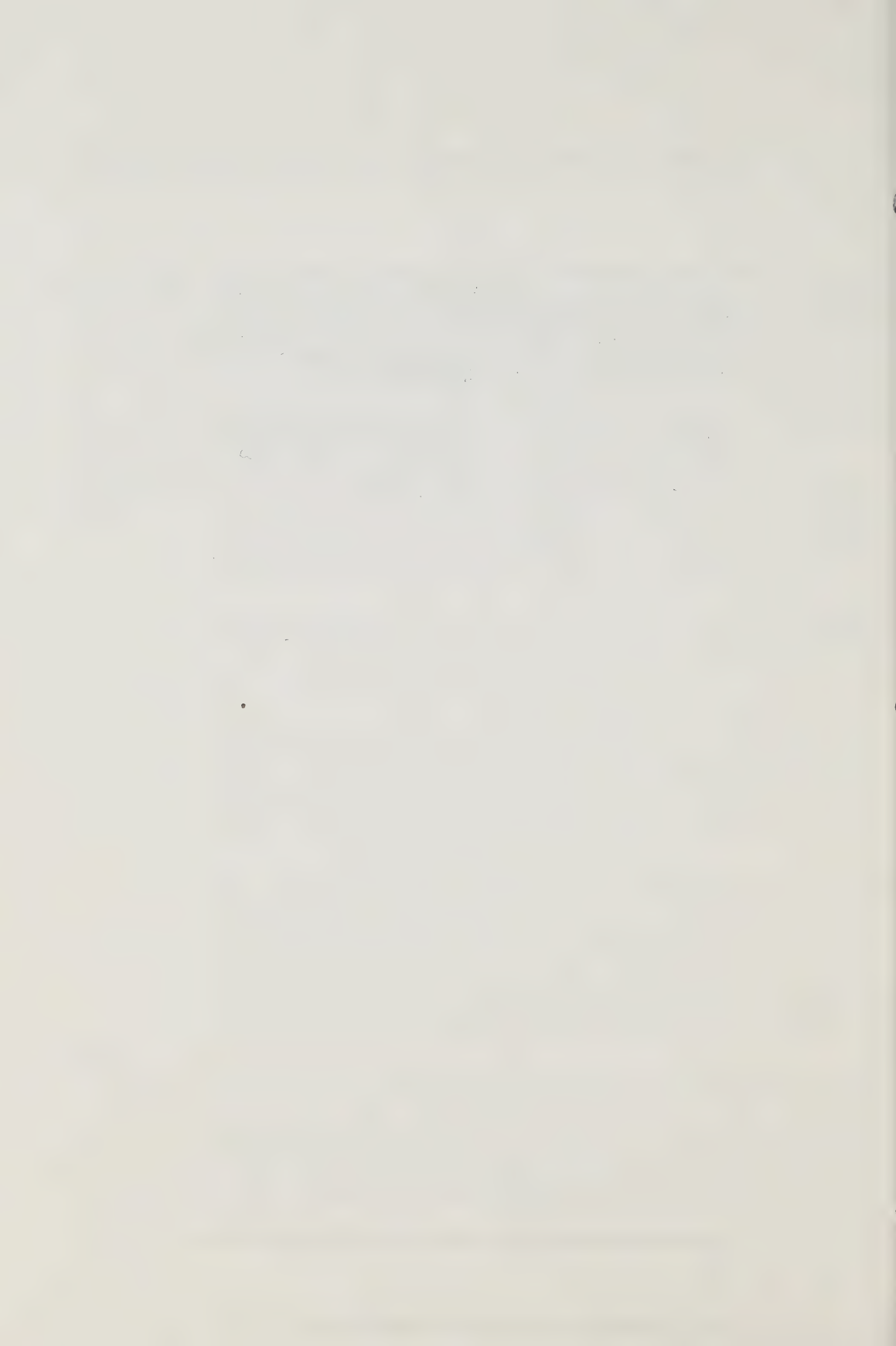
There are powerful reasons for putting more emphasis on this new and difficult field of knowledge. Our young people are growing up in a world in which only one person in 200 is a Canadian. Their lives will be shaped increasingly by the growing interdependence that links what happens here ever more closely to what happens in parts of the world that we used to think of as remote and obscure — in Vietnam, for example, or Iran. They will need to understand the whole picture if they are to make sense of the flow of events, and to make wise decisions.

We in CIDA have some access to the biggest, most dramatic story happening in our generation — world development, the struggle of most people to gain a better life. We appreciate that education, in Canada, is a provincial responsibility. That is why we have been scrupulous about respecting provincial jurisdiction and have suppressed the strong desire to plunge into what we consider to be urgently needed work — for we know that another important aspect of development education is that, in the long run, it alone can ensure that there is enough public understanding and support to sustain a continued, substantial and enlightened Canadian program of development assistance.

The systematic introduction of world development into the curriculum of Canada's schools is, I believe, at least a decade overdue, and we are lagging behind what has been done in several European nations. Fine efforts have been made, it is true, by individual educators, by community groups and by non-governmental agencies. Progress has been achieved in the curriculum area in some provinces, aided by general interest among educators, by the leadership shown by some senior officials and certain universities, and by the visible presence of the Third World in Canadian class-

rooms, especially in our cities. A Futures Secretariat has even been created recently, to link up and complement efforts to inform Canadians, especially those not yet adequately reached, about North-South affairs and their impact on our future — and CIDA, of course, is anxious to be helpful. Moreover, the subject is by its very nature rich in human drama and endlessly fascinating in the way that it confirms or calls into question our own values and understanding of life.

The ground, then, is fertile indeed, and ready to yield a rich educational harvest. The question is: how can this substantial theme best be integrated into what our young people learn, and how can we best support the process so that a major step forward will be taken over the next few years? Together we face a high challenge: to give our young a whole and true picture of their world.





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No. 81/30

CANADA AND THE EUROPEAN COMMUNITY

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Annual Conference of the European Politics Group of the Canadian Political Science Association, Ottawa, December 15, 1981

I am grateful for this opportunity to speak to you about our economic relations with Western Europe some five years after the signing of the Framework Agreement with the European Communities in July 1976.

The Agreement grew out of the policy of the Third Option. [The Third Option], first articulated by the Honourable Mitchell Sharp in 1972 when writing in the magazine *International Perspectives*, advocated a "comprehensive and long-term strategy to develop and strengthen the Canadian economy and other aspects of national life...".

Such a strategy required diversification of economic relationships and Europe was an obvious partner. The enlargement of the Community in 1973 to include Britain, Denmark and Ireland only strengthened the case for making closer economic relations with the Community a goal of our diversification policy.

This idea was reaffirmed by the Prime Minister when, on his return from a visit to the European capitals in 1974, Mr. Trudeau recalled that his intention in making the trip had been "to seek new ways of engaging the Community in a dynamic, co-operative enterprise". As we know, one of the fruits of that visit was the Framework Agreement.

Third Option still valid

The underlying goals identified in the Third Option remain a cornerstone of Canadian foreign policy. The government remains of the view that our present dependence on a single trading partner creates a requirement for more diversified trading relationships. However, with the growing importance of developing, newly industrialized and oil-rich countries, we need to cast our net a bit wider than we did in the early 1970s.

The policy of bilateralism which I announced in Toronto in January of this year is a re-statement of the Third Option which acknowledges this. It envisages an emphasis on the management of key bilateral relationships through the use of a variety of instruments. The Community and several member states are major bilateral partners in the sense of the "bilateralism" policy and the Framework Agreement is one of the instruments of managing our relationship with the Community. One might say that the Third Option is alive and well and living in the policy of bilateralism.

The Framework Agreement was negotiated at a time when major changes in the European Community were affecting the relationship with Canada. Canada welcomed the enlargement of the Community on January 1, 1973, to include Britain, Denmark and Ireland, but expressed concern about the implications for our trade with Britain.

The immediate result of Britain's accession to the Community was a protracted negotiation for compensation in terms of certain reductions in Community tariffs to offset the loss of British preferences. Although the outcome of these negotiations, conducted under the terms of Article XXIV: 6 of the General Agreement on Tariffs and Trade, was fully satisfactory, the government considered that a basis should be found for a more positive, dynamic relationship with the Community.

Framework Agreement

The negotiation of a Framework Agreement was primarily a declaration of intent. We knew that in the rapidly changing environment of economic relations among the industrialized countries in the 1970s, economic growth would be particularly dependent on international trade and the transfer of technology. If the Canadian private sector were to be able to gain access to European markets and to exchange new technology with European firms, it could benefit greatly. But this would not happen automatically. Achievement of this goal, together with the achievement of closer co-operation at the government level in such areas as research and development and environmental protection, would require a co-ordinated effort involving federal and provincial governments as well as the private sector in Canada. The Framework Agreement of 1976, then, can be seen as an innovative document, a statement of intent that we would organize ourselves to see what opportunities might exist and to proceed to realize these.

In addition to being viewed in the context of Community enlargement, the Agreement should also be seen in the context of other developments in the 1970s — especially the rising price of oil and the Tokyo Round of Multilateral Trade Negotiations. The effects of higher energy prices will take at least another decade to filter through the world economic system, but in terms of Canada's external relations, I think one effect is already clear: the economics of upgrading resource exports prior to shipment out of the country is greatly improved.

The Tokyo Round may have been a partial disappointment as it did not provide us with all the improvements in access for which we had hoped — particularly with respect to non-ferrous metals and government procurement in certain high technology areas — but it did open new opportunities.

The 1970s, therefore, were an eventful decade for our economic relations with Western Europe. The Community enlargement strengthened the European economy, but forced a change in trading patterns. The rise in energy prices altered the underlying comparative advantages between Canada and Western Europe. And, as already noted, the Tokyo Round had an effect on access both to the Community and to Canada. The Framework was a statement of intent that while these changes were under way, the Community and Canada would examine together how to tap the potential for each other which these circumstances offered. The negotiation of the Agreement was not easy, and the result reflected a desire to break new ground without establishing difficult precedents for relations with third countries.

Of course, it never was intended that all the activities we would undertake would fit directly under this umbrella. The Agreement expressly provides for bilateral arrangements with member states, and many of the industry and commerce development

programs which we have in Western Europe bear no direct relationship to our periodic consultations with the Commission of the European Communities in Brussels. This is as it should be, and our policy of promoting closer economic ties with Western Europe should not be judged exclusively in terms of the one instrument, important as it is.

Participation in L-SAT

One important activity which does not fit conveniently within the terms of the Framework Agreement but which I would like to mention because it has only recently been approved by Cabinet, is Canada's participation in the Large Communications Satellite (L-SAT) program of the European Space Agency. The program will see the Canadian space industry develop links comparable to those now existing with U.S. industry. In addition to providing a new market for Canadian high technology, this kind of co-operation provides us with access to complementary European technology in exchange. This sort of co-operation is one kind of model of what might be possible in many sectors.

Major initiatives like this cost money, however, and must be measured against other economic development options available which compete for a necessarily limited amount of fiscal support. We must find the most economic and cost-effective means possible for promoting closer economic ties with the Community.

From the European perspective, the idea of economic co-operation with Canada is often seen as being concentrated heavily in the resource-based sectors. Since the 1980s will be a period of tremendous resource development in Canada, it should be possible to do a number of things, within the terms of the National Energy Program (NEP) and other resource and investment policies, which will generate closer economic relations with the Community. This should require relatively limited financing by the government beyond what we will be doing in any event. European investors are particularly interested in frontier energy resources such as those found in the Arctic Islands.

The Joint Co-operation Committee established under the Framework Agreement has performed both a presentational and a substantive role. We needed the Framework Agreement and its Joint Co-operation Committee, which I co-chair with Wilhelm Haferkamp, the Commission Vice-President for External Relations, in order to signal both the Canadian and Community commitments to a dynamic economic relationship.

In this context, it is unimportant whether or not the Committee controls such things as our reaction to European proposals on Arctic gas, or their reaction to our proposals on space co-operation. Indeed, it could be argued that if the Joint Co-operation Committee were to get involved in these areas, it would be unnecessarily complicating the decision-making process of the appropriately constituted authorities. It is no part of Canada-Community co-operation to try to bring under the Framework umbrella every activity which supports its policy objectives — particularly when many of these objectives are more appropriately dealt with bilaterally or in the private sector. There is, however, an important substantive role for the Framework Agreement, and that is to pursue the opportunities for micro-level co-operation which exist. We can also examine with the Commission how government policies are affecting the level of

trade and investment flows and see whether there are specific things we can do together that will contribute to the achievement of our objectives.

Examples of co-operation

We have indeed done a number of low-profile, but highly useful, things. For example, in the field of forest products, a working group has been established involving Canadian and European industrialists, as well as federal and provincial officials on the Canadian side and Commission staff on the European side. They have examined such questions as how a harmonized building code for timber frame construction in the Community can be developed in a way that is compatible with the use of Canadian lumber in European house construction. A recent urban transportation mission to Europe involving the Canadian private and public sectors looked at another form of potential co-operation — transfer of technology — in this case, in the field of urban railway electrification. One more example, this time exclusively in the government sector, is a program of scientific co-operation for which, I am pleased to say, a formal memorandum of understanding is about to be signed. This will involve experts in waste-water management technology in Canada and the Community exchanging information on this aspect of environmental protection.

These examples of economic co-operation are only one part of our broadening relationship with the Community.

Exports

Last year, our exports to the Community reached almost 13 per cent of our total Canadian export trade, a share not exceeded since 1971. There are a number of factors to which this result must be attributed. The cyclical decline in exports to the United States of lumber and automotive parts had its effect on the aggregate figures, and recovery of these exports will reduce the relative importance of the European market to some degree. Adjustments of exchange rates will also reduce the rate of growth in exports to Western Europe. However, the fact that our exports to the Community rose in 1980 by over 30 per cent, after having risen by 50 per cent in 1979 as compared with 1978 [exports], indicates clearly that there is great potential in the European market for Canadian exports. Of particular significance is the fact that in both these years exports of fully manufactured goods grew more rapidly than exports of raw materials. The share of manufactured goods remains relatively small at 14 per cent of our exports to the Community. However, as I said, it is growing.

It would be wrong to assume that a relationship which involves exports of almost \$10 billion and imports approaching \$6 billion can be conducted without problems, and both we and the Community have our share of concerns with each other's policies. The immediate reaction of foreign countries to the National Energy Program has, I think, now been replaced by a general acceptance of the logic of our energy objectives, although with some, reservations relate more to certain details than to the principle of the policy.

A similar comment could apply with respect to our concerns with Community agricultural policy. As one of the world's major grain exporters and as a country whose export potential in this sector is likely to grow rapidly over the next decade, we are of course worried at rumours that the Europeans will solve their overproduction problems through subsidized exports which would compete on world markets with

our commercial production. We are, however, realistic. We recognize that the Community must have its own agricultural policy, and that it is reasonable for them to establish rates of return for their own producers based on their own internal priorities.

Nuclear safeguards

Two important negotiations have been concluded during the past year which are likely to result in the signing of agreements between Canada and the Community within the next few weeks. One of these concerns nuclear safeguards, and is to be signed in the next few days. It provides for a permanent replacement for the Interim Arrangement on Reprocessing and High Enrichment of Nuclear Fuel. This Interim Arrangement was adopted by Canada and the Community after we failed to reach agreement on revision to the Canada/Euratom Treaty of 1959. It updates the Agreement to reflect the nuclear non-proliferation concerns resulting from the new technology that permits greater utilization of the nuclear fuel cycle. The interim arrangement provided time for both parties to co-operate in the International Nuclear Fuel Cycle Evaluation and to assess the implications of the evaluation.

The amendments to the Canada/Euratom Treaty provide Canada with the assurance that the Community will consult us on its program of nuclear fuel utilization and will advise us of any modifications to it. For its part, the Community will retain the degree of autonomy it needs with respect to use of the nuclear fuel it has purchased. This Agreement is important because it establishes a nuclear safeguards principle for highly-enriched and reprocessed fuel. Together with the recent Agreement between Australia and Euratom, it lays the groundwork for an international approach to this question and establishes precedents for nuclear relations with other countries.

Fisheries

In the field of fisheries, the Agreement which had been held up because of internal Community difficulties in establishing a common fisheries policy, is now ready for final review by Canadian ministers. If we decide to adopt it, it should come into effect on January 1, 1982. This would be a significant step forward. It would be the first agreement negotiated bilaterally by Canada and the Community since the enlargement negotiations to provide us with tariff concessions. These would bring the rates on Canadian fish exports to the Community closer to those enjoyed by the Community's preferential trading partners in EFTA — the European Free Trade Association.

We would obtain these concessions by guaranteeing the Community allocations of fishing licences for cod and squid in the Canadian Atlantic fisheries zone. These allocations provided to the Community would enable EC countries with a long tradition of fishing in Canadian waters to continue to do so, although at much lower rates than prior to the era of 200-mile fisheries zones.

I have talked today primarily about our economic relations with the Community and its member states. However, the formation of the Community, first through the establishment of the Coal and Steel Community in 1951, and then through establishment of the Economic and Atomic Energy Communities in 1957, was as much a political as an economic act and Canada's response has been political as well as economic. European unity is important, both to the North Atlantic Treaty Organization (NATO) and to global stability. European economic integration is part of some-

thing much larger. It has political, social and demographic implications which I think may well be viewed in future by historians as more significant in the long term than the integration of commercial markets.

We are currently witnessing a renewed emphasis on political co-operation among the member states of the Community. This emphasis derives in part from a recognition by Europeans that there are economic consequences to such varied political developments as the Soviet invasion of Afghanistan and instability in the Middle East and social change in Poland. They also consider that a united Europe calls for a greater degree of co-ordination on international political questions quite apart from economic considerations.

Just as the establishment of the Common Market has posed challenges for Canada, so will closer political co-operation among the Ten. On the one hand, we obviously welcome the contribution it can make to international peace and security. On the other hand, it raises questions regarding political consultation between Canada and the Europeans.

Canada has a long history of involvement in multilateral institutions — witness our support of NATO and the United Nations. If, as it seems, we are moving into an era in which regional blocs such as the Community develop their positions on international issues before taking them to larger fora, then it becomes more difficult for a country like Canada to make its views felt on those issues in which we have an interest. It means, for example, that we must develop a much closer dialogue on political questions with the country holding the six-month presidency of the Community Council of Ministers. We are looking at the question of how we can achieve a meaningful dialogue with the Europeans early enough in their own deliberations. The Ten have expressed their own interest in developing such contacts with third countries. I am confident that we shall be able to advance this new form of co-operation.

If I may leave you with a final thought on the Framework Agreement, it would be that the document should be judged primarily as the articulation of a general policy approach rather than as a precise set of rules on the conduct of a relationship. The policy objective was and is to seek ways of emphasizing the positive in our relationship with the Community. We have avoided falling into the trap of condemning European integration because of the short-term dislocations it may have caused, a condemnation which in any event would have been futile. I think that we have achieved that objective. Through our regular meetings with the Community and through a number of activities which I have outlined today, we have made it quite clear to the Europeans that we see our economic and political future as involving a growing and mutually beneficial relationship.

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DISARMAMENT A MEANS TO INTERNATIONAL SECURITY AND STABILITY

A Statement by Canadian Ambassador for Disarmament Arthur Menzies to the First Committee of the United Nations General Assembly XXXVI, New York, October 28, 1981

Many of us here have just completed a fortnight's work on the agenda for the second Special Session of the General Assembly devoted to disarmament. Some of the deliberations of the First Committee at the present session can make an important substantive contribution to the preparations for that Special Session, which is to be held next June and July.

The Canadian Secretary of State for External Affairs, the Honourable Mark MacGuigan, in his address to the General Assembly on September 21, emphasized that "international peace and security, as well as development, freedom and life itself, will ultimately depend on whether we can successfully work towards arms control and disarmament". The second Special Session therefore must point the way to more concrete progress in this field.

Disarmament is not an end in itself, but a means to an end — that of international security and stability. Present international conditions do not suggest that we can take international stability and security for granted. In its turn, prospects for stability and security at the regional level, in Europe, the Middle East, Africa, Asia and in Central America — or in other areas of this troubled planet — have effects far beyond the regions themselves. Conversely, and at the same time, successful efforts to create stability in one region positively affect other regions outside it. Prime Minister Trudeau recently pointed out that economic problems and international disputes have increased in both number and severity. While the super powers have grown stronger, they often seem to have lost control over events. Though political and economic instability may be most visible in the Third World, they are also painfully evident across the entire spectrum of international relations. The problems of East-West and North-South relations, energy, nuclear proliferation, the environment, refugees and sporadic outbursts of violence and war all form a complex of cause and effect.

Committee
work of "crucial
importance"

Within this context, in the words of the Canadian Secretary of State for External Affairs, our work leading up to the second Special Session on Disarmament could be of "crucial importance". We should build on the remarkable consensus reached in 1978. We should be governed by the considerations that led to that consensus and should strive to achieve the highest level of agreement on ways to move ahead on disarmament. Here, I refer to the Commonwealth heads of government declaration, issued in Melbourne early this month. These heads of government saw as a particularly serious matter mounting tension and lack of confidence among states. They saw that practical measures directed towards nuclear disarmament and the avoidance of all armed conflict, particularly nuclear conflict, must have the highest priority on the international agenda. Such goals can only be sought through restraint and a

recognition that change, as an essential part of the dynamic of interdependence, is both inevitable and essential.

SALT process

A precondition for moving ahead at the second Special Session is the resumption of arms-limitation talks between the United States and the Soviet Union. Their recent decision, as announced in the General Assembly, to begin talks next month on theatre nuclear forces in Europe should give a positive impulse to our work. We look forward to those talks leading to a treaty which would restore the balance at the lowest possible level.

Canada therefore warmly welcomes the statement made here last week by the director of the United States Arms Control and Disarmament Agency, Eugene Rostow, that the United States will be ready to resume negotiations on strategic arms early in 1982. We are particularly encouraged by the emphasis being placed on reductions and on the need for co-operation in ensuring mutual confidence. We look for an equally positive attitude on the part of the Soviet Union. In a number of statements, my Prime Minister has attached the highest priority to the resumption of the Strategic Arms Limitation Talks (SALT) process. It is to us of paramount importance that these critical negotiations, once resumed, move forward with the objective not just of limiting, but of reducing, these forces.

It is our view, moreover, that one of the most important factors governing the prospects for success at this year's deliberations, and at the Second Special session itself, will be the degree to which the atmosphere generated by these talks, even in their anticipation, will contribute to creating an atmosphere of international confidence.

We believe that the international concern expressed about the nuclear arms race would be incomplete if the dangers of further horizontal proliferation were not given sufficient weight. The implications of the nuclear dimension for regional tensions recently took concrete shape in the Middle East. With this as an example, and with the prospect of further regional proliferation still a matter that cannot be easily dismissed, we are convinced that greater efforts must be directed towards strengthening the international non-proliferation régime and the international instruments which support it. In this regard, we warmly welcome the ratification by Egypt of the Non-Proliferation Treaty, announced earlier this year.

Verification procedures

Canada believes that there is no substitute for the painstaking negotiation of verifiable agreements on arms limitation and disarmament. I would underline the word "verifiable". Verification is not a tactic to delay or prevent success in negotiations. More than ever before it is a prerequisite for their success. Canada has for many years sought the development of international verification procedures wherever these are required to supplement national mechanisms in order to enhance confidence that the parties are complying with the terms of agreements. Yet even in this body and elsewhere, ingrained habits of confrontation continue to persist — the hortatory over the practical, the seeking of the propaganda advantage and in some instances, the launching of proposals patently devoid of any hope of realization. We regard verification as one of the most important tests of the seriousness of a proposal. Verification

deals with facts, not with arguments, and for this reason is impartial. And impartiality is essential to building a climate of confidence.

The international community has used the United Nations to serve as witness to compliance with the provisions of a variety of agreements. In this connection, I should like to recall that next week will mark the twenty-fifth anniversary of the momentous resolution of the General Assembly calling upon the Secretary-General to establish the United Nations Emergency Force in the Middle East to witness the cease-fire and withdrawal of forces. It seems to me, there is an appropriate analogy to be drawn between United Nations peace-keeping and what we hope will be an increasing role of the United Nations in serving as witness to compliance by parties to arms-limitation and disarmament agreements.

It has long been accepted that there is an international role in the verification of a nuclear test-ban treaty: co-operative seismic monitoring measures which have been under consideration by the *Ad Hoc* Group of Seismic Experts in Geneva. As we have said in the Committee on Disarmament, we believe that that Committee and the Seismic Experts Group can supplement in a very practical manner the efforts of the negotiating states and the national verification provisions.

Essential elements

The realization of a verifiable nuclear test-ban treaty is one of the four elements of the strategy of suffocation proposed by Prime Minister Trudeau at the first United Nations Special Session on Disarmament. I should like to recall that, in addition to a comprehensive test ban, he envisaged verifiable agreements, (a) banning the flight-testing of all new strategic delivery vehicles; (b) banning the production of fissionable material for weapons purposes and, (c) limiting and progressively reducing military spending on new strategic nuclear weapon systems. Conclusion of agreements on these four elements in combination would go a long way towards preventing both vertical and horizontal proliferation of nuclear weapons. We recognize that much progress must be made in negotiations on nuclear forces between the Soviet Union and the United States before agreements can be realized on all four elements.

Nuclear weapons are not the only threat to international peace and security. The final document of the Special Session listed conventional forces among the priorities. We cannot ignore the vast array of conventional weapons to which 80 per cent of arms expenditures is directed. Canada is ready to participate in any serious effort to control conventional arms. In this regard, we hope that the study on conventional disarmament will be approved during the present session of the General Assembly by consensus, without resort to formal voting.

Chemical and toxin weapons

There has been progress recently on working towards the prohibition of chemical weapons, another high priority of Canada, which has continued to contribute the expertise it has gained from its research on defensive measures, means of destruction and verification. We are now working in co-operation with others to develop a draft resolution which will express the Assembly's desire to see progress quickened in the Committee on Disarmament towards such an agreement.

A closely related issue is that of the reports of the use of chemical weapons and, more

recently, of toxin weapons. It appears to us that the investigation launched by the thirty-fifth session of the General Assembly has not yet fulfilled its mandate, both because the Exports Group has only recently been given permission to go to countries in the area in question to collect evidence and because recent reports of the possible use of toxins must be given serious study. We would therefore urge other delegations that wish to see the effectiveness of existing agreements maintained to join in extending the mandate of the Experts Group.

Of the several studies which will be presented to this session of the General Assembly, we have nominated experts to take part in those on confidence-building measures and on the relationship between disarmament and development. I have referred earlier to the necessity to build and maintain confidence as an essential ingredient of the process of negotiation. The study on confidence-building measures will be a valuable reminder that the measures and factors which it analyzes can and should be used to assist in the negotiation and implementation of agreements.

With regard to the disarmament and development study, I share the hope expressed by Sweden's distinguished Under-Secretary of State for Disarmament, Mrs. Inga Thorsson, that this project will represent the beginning of a process. A Canadian expert participated in that study, with which we are proud to have been associated. It underlines the interrelatedness of the problems which confront the world community and the need, more than ever before, for breadth of vision for their resolution.

A year ago I drew attention to the incipient arms competition in outer space and called for intensified efforts to conclude further measures to prevent an arms race in outer space. Canada has been involved for over 20 years in the peaceful use of outer space. Eight Canadian-built satellites are at present serving in the communications field. We hope to use the experience we have gained in these peaceful activities to assist in reaching an agreement to maintain outer space as a weapon-free environment. Negotiations towards such an agreement should be carried out in the Committee on Disarmament.

Public involvement

I began by referring to the preparations for the second Special Session. In concluding, I should like to mention that in Canada, parliamentarians, community groups, non-governmental organizations, universities, secondary schools and individuals are involved in the study of issues likely to arise at the Special Session. In the years since the first Special Session the Canadian government has greatly increased its efforts to assist the process of public involvement. Financial support has been provided for international conferences held in Canada as well as for seminars, study groups and speakers at a variety of meetings during this Disarmament Week. We have attached particular importance to research being undertaken from a Canadian perspective. We have also been issuing a newsletter on national and international activities in the field of disarmament.

In his statement in plenary, the Canadian Secretary of State for External Affairs said: "we cannot ignore the growing impatience of the world's peoples with the lack of progress towards verifiable arms limitation and disarmament agreements. Our efforts

on their behalf should take into account the situation as it is in covering realistic proposals which have some substantive chance to effect change". In present-day circumstances, it is imperative that we not be diverted from this task.

Canada is ready to work towards progress where progress is possible. We should emphasize the practical over the theoretical and resist polemics. We should not become so fascinated with tactics, either now or at the Special Session next year, that opportunities for progress will be missed. No procedural victory, no recourse to divisive vote will substitute for realism and restraint and the search for the possible.

There is one final consideration: the ability of the United Nations to deal with the critical matters of arms control and international security. Ultimately, the success this institution achieves in real arms control is a test of the credibility of this organization in these demanding times.

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PACIFIC ECONOMIC COMMUNITY CONCEPT: A CANADIAN VIEW

Excerpts from a Speech by Mr. R.G. Rogers, Chairman, Crown Zellerbach (Canada) and Vice Chairman, Canadian Committee of the Pacific Basin Economic Council, to the Institute for U.S.-Japan Relations, San Francisco, November 10, 1981

...In our early years, Canadians were oriented towards the East, and the Atlantic connection with Europe. In this century, our orientation has gradually shifted southward, as the United States has become our major trading partner. Today, although we are making inroads into our Arctic territories, we find ourselves increasingly looking West across the Pacific. Because that's where our new opportunities lie....

Leaving aside the rarified aspects of constitutional law, much of Canada's internal friction today centres on the divergent economies of the western and central regions. In both regions, production for export is crucial. Last year, Canadian exports of goods and services totalled \$90.3 billion in Canadian dollars. This year, for the first time, we expect that total to exceed \$100 billion. In 1980, exports were equivalent to more than 31 per cent of Canada's gross national product. Imports of goods and services in the same year totalled \$93.4 billion, or more than 32 per cent of GNP.

The western and central regional economies are both heavily reliant on this production for export. Where they differ, and where their conflict affects Canada's stance on Pacific Rim trade, is in the nature of the products each offers to world markets. Central Canada is highly industrialized, and produces steel, technology, consumer goods, automobiles, electronic equipment, and all the other outpourings of an industrial economy. The economy of western Canada, on the other hand, is based on the extraction and export of primary resources, like wood, coal, metal ores and natural gas. The metallurgical coal industry, for example, was created entirely for export production, almost all of which goes to Japan. Natural gas is available in large surplus quantities, and a number of western Canadian companies are seeking to export gas in liquified form to Japan.

To the western Canadian, therefore, increased trade with Japan and other Pacific Rim countries offers opportunities for broadening and strengthening the regional economy. To central Canada, however, the reciprocal aspects of transpacific trade offer threats to the region's industrial complex — and not only in export markets, but in the domestic sphere. These conflicts have also led to a series of meetings between provincial and federal ministers and it seems likely that a comprehensive resolution will in time be achieved. On the whole, greater involvement with the emerging Pacific Basin economic zone appears to be in Canada's national interest.

The other trade-related issue affecting both western and central Canada's economies is the devaluation of our currency against the U.S. dollar. America remains our primary export market, but the advantages of lower-priced Canadian products have been more than offset by the fall in demand brought on by a slowed-down American economy.

The sharp rise in the Canadian dollar against currencies other than the American dollar now further burdens our offshore exports. In the western forest industry, for example, our lumber exports to the United States have declined as interest rates have risen to unprecedented heights. On a national scale, the fall of the Canadian dollar demonstrates that there are fundamental problems to be addressed in the Canadian export sector, and that both government and the private sector must work out the solutions. I believe an important part of those solutions will lie in the development of expanded trade relationships with the Pacific Rim.

Canada's westward outreach to the economic and cultural fabric of the Pacific Basin is a natural extension of our historical and economic evolution. For 400 years, Canada's "centre of gravity" as a society and as an economy has gradually shifted to the West. But that is not to say that we have only recently made contact with the Far East. Canada's transpacific trading and immigration relationships paralleled America's in the nineteenth century.

When the California gold fields petered out, thousands of "forty-niners" poured north into Canada. Many of them were Chinese who helped unite our nation by laying track and chiselling tunnels for the Canadian Pacific Railway's "thin ribbon of steel". Canadian missionaries established schools and churches throughout China in the 1800s, and Canadian traders brought lumber and sea-otter pelts to Asian ports as early as 1788.

Canadian ties in the Pacific

Canadian cultural and trade links with modern China have grown steadily since the normalization of diplomatic relations 11 years ago. I take some pride in pointing out that this preceded the Nixon "ping-pong accord" which led the way to re-establishment of U.S. ties.

But today our major Pacific trading partner is Japan. Since the beginning of the 1970s, Japan has displaced the European Economic Community as our second largest trading partner, and trade with Japan and other Pacific Rim nations has grown faster in the past decade than with any other country, including the United States.

Japan has been increasingly in the market for Canadian wheat, wood products, rapeseed and pork. The thriving western Canadian coal industry was built with Japanese participation, and Japanese mills are the major destination for the ore concentrates and ingots that flow from our smelters. Japan is voicing a new interest in the development of Canadian oil sands and Arctic oil and gas. The benefits of our \$7 billion trade volume with Japan — strongly in Canada's favour — reach virtually every Canadian.

While Japan is by far our major export market across the Pacific, Canada has trading relationships with most of the countries west of our shores. South Korea is our fifteenth largest export customer, and last year it purchased \$431-million worth of Canadian coal, pulp, minerals and machinery. A South Korean-Canadian joint venture is opening a world-class coal mine in British Columbia, and Canadian nuclear and communications technology have found significant acceptance among the South Koreans.

Despite the severing of formal diplomatic relations between Canada and Taiwan 11 years ago, trade relations have shown a marked increase in activity over the past few years. Trade volume doubled to \$708 million between 1977 and 1980, decidedly in Taiwan's favour. Iron and steel, metal ores, paper and wheat left Canada for Taiwan, while we received electrical appliances, machinery, clothing and leatherware in return.

In Indonesia, Canadian oil, mining and manufacturing concerns are involved in joint ventures and investments. Canadian engineers have won contracts to build Indonesian ports, railroads and communications systems. Canadian-Indonesian trade volume reached nearly \$239 million last year, and intergovernmental aid arrangements gave Canada an almost embarrassing favourable ratio of ten to one.

In Singapore, total trade volume is a healthy \$264 million, and visits by Canadian business people have almost doubled in the past year. Singapore is a receptive market for Canadian high technology exports, and is also attracting many Canadian firms into joint ventures. The Canadian banking community is also represented in force, with our five largest financial institutions deeply involved in trade financing.

Canada's trade with the Philippines fairly evenly divided a total of \$209 million last year, but Canadian consumer goods are virtually unknown there. Instead, Canada supplies raw resources, and looks towards making progress in helping the Filipinos achieve their goals in the 11 basic industrialization projects set for this decade. Canadian insurance and financial enterprises are increasingly well represented in the Philippines, with some \$160 million (U.S.) in loans and investments by the end of last year.

Canadian companies and business representatives are finding their way into more and more Pacific Basin boardrooms and government chambers. Oilwells and communications technology in Australia, methanol and natural gas plants in New Zealand, mining equipment in Papua New Guinea — all of these demonstrate a broad Canadian entry into the Pacific Rim economies. But if Canada is diving into the Pacific, we are not yet diving deep. Canada remains primarily a supplier of raw resources to industrialized Japan while the rest of our Pacific trade barely wets our ankles.

Canadian banks active in Pacific Rim

There is, however, one area where Canada has plunged right in: banking and finance. Canadian banks have a share of the Asian financial market which is said by some analysts to be second only to America's. With a total loan exposure of some \$10 billion (U.S.), and a rate of return on assets half again as great as in their domestic market, Canada's major banks are familiar members of the Pacific financial community. Based in Hong Kong and Singapore — with one regional head office located in Manila — seven of our largest banks are now edging into the Japanese market.

The Royal Bank of Canada, with a total of \$4.61 billion (U.S.) in loan exposure in Asia, expects to triple its personnel, assets and capability by 1985. The Toronto Dominion Bank, one of the first Canadian banks to establish an Asian presence, has \$3.5 billion (U.S.) total exposure. The Bank of Nova Scotia, despite a fairly recent entry into the area, is close behind Toronto Dominion with a total of \$3.3 billion (U.S.).

With over \$10 billion in total assets in Asia and the Pacific, the seven largest Canadian banks are expanding their networks in preparation for financing increased Canadian trade efforts across the Pacific. Our banks may do more than give Canadians a familiar face to turn to as we tentatively work our way into the potentials of Pacific trade — they may also serve as good examples of our reliability and consistency in our international dealings.

Of all the goods and qualities Canada can bring to the Pacific economic fabric — our raw resources, our technology, our experience in dealing with transportation across vast distance — reliability and consistency may be our strongest selling points. Canada is still searching for a national identity, and perhaps the new perspectives we gain from increased contact with our Pacific neighbours will help us find ourselves. But if there is not yet a Canadian national identity, there is a discernible Canadian national character — and reliability and consistency rank right up there with our addiction to hockey as major components.

We admire reliable and consistent people in all fields of endeavour, particularly in politics and government. Our leaders and public service bureaucracies are often totally wrong in their policies, but because they are so reliably and consistently wrong, we continue to put up with them. In its policy towards expanding the Canadian presence in the Pacific, however, I feel that our federal government is definitely on the right track. In November of last year, the federal government sponsored the Pacific Rim Opportunities Conference in Vancouver which was very well attended. It served to acquaint Canadian business, government and academic circles with at least the scope of opportunity open to us around the Pacific Rim.

We are now building on the success of that program and have scheduled a second Pacific Rim Opportunities Conference for early next year in Toronto. I think it's an indication of the level of our commitment to the development of trade relations in the Pacific that this conference will be sponsored by the private sector with the blessing and co-operation of the federal government.

Canada backs PEC

As far as Canada is concerned, we're all for the establishment of a Pacific Economic Community. There is a general consensus among Canadian governments, business people, professionals and academics that we want to be actively involved in creating something out of the concept. We will not take a "wait-and-see" attitude. I think that was clearly demonstrated at the Australian National University Conference last fall, when the Canadian representatives threw themselves into the discussions with energy and resolve. Equally clear, however, was the realization among all participants in the ANU conference that the establishment of a Pacific Economic Community remains some distance away. And we will all have to work hard to make it, someday, a present reality.

When the idea of a Pacific Economic Community was first put forward by the Japanese, and enthusiastically seconded by the Australians, the proposal was to set up something like the European Economic Community. From the Canadian point of view — which is, I think, the prevailing opinion among other Pacific nations — an EEC was not feasible in the Pacific. The European Common Market states, despite

their various differences, are reasonably alike economically. The economies of the Pacific Rim states likely to be involved with each other in a Pacific Economic Community are ranged along a much broader scale.

Leaving aside Canada and the United States, the region's economies can be divided roughly into three kinds. At one end of the scale is Japan, already heavily industrialized. Then come the newly industrialized economies of South Korea, Singapore, Hong Kong, Taiwan and Malaysia. Finally, we have the resource-rich countries, including the already developed — like Australia and New Zealand — and the still-developing economies like Indonesia's.

These three economic and industrial components could fit together in an integrated economic system the like of which has never yet been seen. Powered by Japan's development into more high-technology production, both the resource-rich and the newly industrializing nations could advance in harmony. Japan's demand for imports will stimulate development of raw and processed resources, as well as manufactured goods. The newly-industrialized nations could fill the gap at the intermediate technology level, as Japan's own industrial structure evolves.

Criteria for membership

Although this integrated economic structure seems to fit so neatly together, it oversimplifies the immense complexity of the Pacific community. At one end of the spectrum are peoples who are only now emerging from the stone age; at the other end is the transistorized, micro-chip world of Japan, the second largest free market economy on earth. China, with one quarter of humanity, shares the same neighbourhood as the South Pacific state of Nauru, not much bigger than Golden Gate Park [in San Francisco].

Politically, the region runs the gamut from representative democracy to Communist states and military juntas. Diversity of religion, race, language and culture makes the Pacific one of the most checkered cultural mosaics in the world. It will take time, commitment and co-operation to chart a common course and pilot it among all these many Pacific currents.

Take, for example, the basic question of who will be a member of the Pacific Economic Community. If the organization is limited to free-market economies, it automatically excludes China, the U.S.S.R., and the Communist states of Southeast Asia. If it is limited to sovereign states, Hong Kong would not qualify. Taiwan's diplomatic status presents other problems.

I'm not seeking to paint a discouraging picture, only to give some idea of the complexity we all face. At the Australian conference last year, the consensus seemed to be that the "core" states of a Pacific Economic Community would be the North American and Western Pacific market economy states. That would include Canada and the United States, Japan, Australia, New Zealand, the ASEAN nations, Korea, and the Pacific islands states as a group. It was envisaged that other Pacific countries could participate in task forces to address various issues.

The most constructive result of the Australian conference was the agreement to

**Canadian
priorities**

establish a standing committee to co-ordinate and plan the next steps in defining what kind of organization we are moving towards. The idea of a European-style community has now been virtually abandoned. Other existing models are the Organization for Economic Co-operation and Development (OECD), the Pacific Basin Economic Council (PBEC), and the British Commonwealth. The standing committee, composed of business people, professionals, academics and senior government representatives, may soon be formed to begin studying these options.

Canadians will actively participate in the standing committee. The Canadian position generally favours an organizational structure that would give first importance to economic issues of trade, investment, development and co-operation. Additionally, we favour a strong emphasis on social and cultural relations, to increase understanding of Canada among our pacific neighbours, and more awareness among Canadians of what the Pacific offers to us.

Canada does not see the Pacific Economic Community as a natural forum for political questions, although in time it may become an appropriate vehicle for some issues. Military and security matters we see as being beyond the purview of what is essentially an economic and cultural co-operative body. I think the nub of the Canadian view on the Pacific Economic Community is that it should be a multilevel organization, and that its effectiveness would be in proportion to its ability to create bridges between peoples rather than states.

The role of our governments in building those new bridges is important. Indeed, much of Canada's entry into the Pacific has been assisted by intergovernmental agreements on economic and cultural co-operation. But our business communities should not expect government to lead the way in this project. The economies of free-market states can speak to each other with a clarity and succinctness that must be the envy of the United Nations translator corps. In the *lingua franca* of trade and investment, we have the beginnings of a common language for our Pacific Economic Community. Without the niceties of diplomatic speech, I think we can communicate to each other what we each have to offer to our Pacific neighbours, and what our neighbours may offer in return.

For Canada, expansion into Pacific trade offers us new and larger markets for our traditional resource exports. Although American producers will still keep us competitive, Canada will continue to supply wheat to China and Japan, and to hold our own in other agricultural products. Our wood pulp will remain a premium product, although New Zealand may begin to edge into our markets later in the decade.

Our other major resource exports — lumber, coal and minerals — will face competition from the rapidly developing Australian resource base, as well as from the ASEAN nations. Canada's share of the Asian market may well decline, but our export volumes will increase to meet the growing demand. As well, the developing Pacific economies in Indonesia, Malaysia, the Philippines and other states may offer us new opportunities in providing the equipment and services they need to achieve their development goals.

Long shopping list

Canadians who have sometimes chafed at being hewers of wood and drawers of water may instead become the people who supply others with new axes and buckets. Canadian expertise in forestry, mining, transportation and communications will be more and more in demand around the Pacific Rim. Energy-saving hog-fuel boilers, hydraulic mining techniques, short-take-off-and-landing (STOL) aircraft, and our world-leading videotext technology are just a few of the items that developing Asian nations can put on their Canadian shopping list. And we can add to that list a wealth of other possibilities in hydro-electric power systems, offshore drilling equipment, computer hardware, and a great deal more.

In return, Canada can offer much to our Pacific Rim neighbours. In addition to reliable supplies of raw and processed materials, we offer Japan opportunities for joint ventures in the development of our resources. We offer a growing market for consumer goods, from digital watches and pocket calculators to the thousands of Datsuns, Hondas and Toyotas rolling onto our city streets.

To the newly-industrialized nations, we offer investment and markets for leather and textiles, wood and steel products, appliances and toys. We offer engineering and project management skills to help those economies make the change from rice paddies to refrigerator plants, from ox-cart tracks to open highways.

And to resource-rich developing nations, we offer financing and investment, know-how and expertise, training and joint ventures. And I might as well add the stimulus of keen competition in our established export markets.

Competition will be keen, and Canada will have to increase the effort if we are to win our share of the Pacific's opportunities. Our traditional resource markets, as well as the promising prospects of technology sales in the developing Asian economies, will be available to Canadian business if we fight for them. Our first step — and I believe this was well driven home at last year's Vancouver conference — will be to get out there across the Pacific and make ourselves known. Canada must establish a business presence in Asia. We must have more Canadian companies opening offices in Hong Kong, in Bangkok, Singapore, Tokyo and Manila. Just because the Pacific Ocean comes conveniently to our doorsteps, we cannot expect the Pacific nations to automatically follow.

More Canadian involvement needed

How many of our manufacturers have representatives in Korea or Indonesia? How much direct contact has there been between Canadian technology firms and potential Asian customers? How many Canadian engineering firms are well-known names around the Pacific Rim? The answer, unfortunately, has too often been: none, or at best, a few. From now on, the answer to the question: "how many Canadians"? is simply "not enough"; and it will be not enough until Canadian business people take a lead from the Canadian banking community and get out across the Pacific to where our future is waiting.

As I mentioned earlier, Canada's banks, already well established around the Pacific Rim, can be a major stepping stone for bringing Canadian business into closer touch with their Asian counterparts. Canadian banks are also well placed to assist both

parties in arranging financing for new or expanded trade ventures. But the key player in Canadian export financing is our federal Export Development Corporation. The EDC has been active in several Asian projects, and actively supports more Canadian penetration into the Pacific.

However, although the EDC offers rates below its actual market cost for the money it lends, it cannot always compete with the aggressive and innovative credit terms offered by the subsidized export-financing agencies of some of European competitors. The EDC will have to take a close and continuing look at its terms and practices to make sure that Canadian entrepreneurs are not being sent-out ill-equipped to meet the competition.

New board

As a further back-up to the Canadian exporter, the federal government has recently created a new advisory board made up of government, industry and labour representatives. The Canadian Export Trade Development Board will help the government focus its programs in support of exports to let Canadian firms take best advantage of market opportunities, and to keep government and the private sector in close co-ordination of our export drive. As a member of this new board, I look forward to some interesting challenges in helping to shape a more efficient system of support for Canadian exporters in all sectors.

Developing closer contacts, trade financing, and co-ordination of common efforts — these things that Canada is now doing in preparation for expanded Pacific involvement — reflect the steps being taken by economies all around the Pacific Rim. Something new is slowly and steadily coming into existence. At this stage, we can only draw the haziest sketch of what that something, this Pacific Economic Community, will be. But, as the months go by, as some of the best minds in the world begin to assemble the pieces, we will start to outline our trade futures.

If all goes well the standing committee charged with designing this new cultural and economic arrangement could hold its first meeting in 1982. And early next year, the ASEAN countries will meet in Thailand to review the Pacific Economic Community concept, and perhaps to decide what their position will be.

As a Canadian businessman, I can only say that I hope the ASEAN states will find that the Pacific Economic Community concept will fit their national and regional economic goals. I hope that we will be able to join together in a sharing of development, of cultural ties, and simply of understanding among neighbours on the shores of a common sea.

Ladies and gentlemen, the Pacific Ocean has too often failed to live up to its name. For 40 years and more, there has been little peace in the Pacific; few of the countries that rim this Ocean are without the scars of war. If there is any cure for war, it must be co-operation and sharing of mutual goals.

The bridges we are seeking to build can do more than carry goods and services between nations. They can make strangers less strange to us. They can make out of foreigners a new circle of friends. They can help us to find our common ground and lead us towards the common good.

Or, if a Pacific Economic Community leads us only a few short steps towards better understanding ourselves and our neighbours, then those will still be steps well taken.

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